

104
NIGERIAN WHITE COLLAR CRIME

Y 4. IN 8/16: N 56

Nigerian White Collar Crime, Hearin...

HEARING
BEFORE THE
SUBCOMMITTEE ON AFRICA
OF THE
COMMITTEE ON
INTERNATIONAL RELATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED FOURTH CONGRESS

SECOND SESSION

SEPTEMBER 11, 1996

Printed for the use of the Committee on International Relations



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NIGERIAN WHITE COLLAR CRIME

WEDNESDAY, SEPTEMBER 11, 1996

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON AFRICA,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2 p.m. in room 2172, Rayburn House Office Building, Hon. Ileana Ros-Lehtinen (chairwoman of the subcommittee) presiding.

Ms. ROS-LEHTINEN. The subcommittee will come to order. Thank you for joining us today. There are several meetings going on today, including the Congressional Black Caucus, which several of our members belong to. As soon as they are done with that, they will join us.

We apologize for the sparse attendance, but many of the members' staff are with us, taking notes and following the meeting. We thank the witnesses for joining us today and we especially thank the audience for joining us as we discuss this very important issue. When formulating or implementing U.S. foreign policy, we always try to strike a delicate balance between the overall objectives of promoting democracy and respect for human rights with specific U.S. security concerns.

We must always be conscious of our role in the international political arena and within the international community of nations, but most importantly we must always be focused on safeguarding U.S. interests and protecting the rights of our citizens. That is why we are here today.

This subcommittee has had and will continue to have numerous hearings on the issues affecting the people of Nigeria and the daunting challenges that they confront as they struggle toward another attempt at democracy. We have also held forums to establish the correlation between Nigeria's internal situation and its effect on U.S. security interests—both domestic and foreign.

Nonetheless, it can be argued that corruption in this West African nation is certainly one of the more serious problems threatening, not only the future of Nigerian democracy, but also U.S. domestic and international interests.

We are, therefore, here today in our role as public servants, as guardians of the people of the United States, to delve into how this system of corruption has gone beyond the boundaries of Nigeria and is directly victimizing U.S. citizens. We are here to delve into how U.S. entrepreneurs have fallen prey to Nigerian advance fee fraud losing millions of dollars, as well as endangering their lives

in the interim, when they are convinced by these criminals to travel to Nigeria to complete the transactions.

Nigerian advance fee fraud is known internationally as "4-1-9" fraud after the section of the Nigerian penal code which addresses fraud schemes. It manifests itself in seven distinct fraudulent business proposals. These are: disbursement of money from wills; contract fraud (C.O.D. of goods and services); purchase of real estate; conversion of hard currency; transfer of funds from over invoiced contracts; and sale of crude oil at below market prices.

Of these, the most prevalent and successful is the fund transfer scam, which our witnesses will explain in detail during their testimony.

In all instances, however, the goal of the scam artist is to delude the target of their scheme into believing that he is being drawn into a very lucrative arrangement. The intended victims are reassured several times as the scheme unfolds, to ensure that they will willingly contribute a large sum of money to secure the deal when it is threatened, and it will be. As will be discussed, the underlying theme to all the schemes is their elaborate nature. There usually is a con-within-the-con or two phases to the fraud, one being the original proposal to the intended victim and the second layer being the threat to the venture.

In all instances, doubts or questions from target victims about the arrangement are allayed by the use of forged or false documents bearing seemingly official Nigerian Government letterhead and seals, as well as false letters of credit, payment schedules and bank drafts.

The dramatic increase in Nigerian advance fee fraud has been attributed to numerous factors as diverse as the schemes themselves.

However, the indisputable facts are, as will be confirmed by our witnesses, that it is an extremely profitable illicit endeavor grossing hundreds of millions of dollars annually. This must be stopped. The fact is that the welfare of too many communities and the fortunes of too many families and groups are at stake.

Fortunately, the U.S. Government has recognized the threat posed by Nigerian advance fee fraud schemes and the intricate illicit infrastructure it has created, a network spilling over into numerous other illegal activities also of grave concern to the United States. The United States is addressing the problem from an inter-agency perspective in the hope that a coordinated approach will result in a comprehensive assessment and solution to the problem.

Here to further educate us on the intricacies of Nigerian advance fee fraud schemes are representatives of the Department of Commerce, Department of Justice, U.S. Secret Service, and the Department of State. We thank them all for being with us today.

I would like to note that this meeting was brought to our attention by Congressman Campbell. He has contributed much to putting this hearing together. He is a true asset to our subcommittee. I would like to recognize Congressman Campbell for opening statements. Tom.

Mr. CAMPBELL. Thank you, Madam Chair, it is a very important subject that we pursue today and it wouldn't have happened but for you. Thank you for your kindness. I just want to take the occasion to say publicly what a fine chair you have been of our sub-

committee and I look forward to serving with you in the sub-committee on years to come.

The issue was first brought to my attention by colleagues, friends in the business world in Silicon Valley. Some of them had been victims of this fraud. I represent Silicon Valley and I brought it to the attention of Chair Ros-Lehtinen.

The concern of a scam this complex is not only are there victims in the United States, but also it would be implications of our relations with Nigeria and potentially an impediment toward stepping toward a friendlier and better relationship with Nigeria as that becomes possible.

Last, by way of introduction, I would like, Madam Chair, to make my entire statement part of the record and also a couple of examples of letters received by constituents indicating the fraud involved. They permitted me to share it and thereby perhaps achieve the object of this hearing as a warning to others who might potentially be a victim of this fraud.

Thank you, Madam Chair. I desist accepting the personal note of seeing my friend and colleague, Mark Richard. I served with Mark in 1981 when I was working for the Deputy Attorney General and Mark was running down criminals then. Since then he has continued to run down criminals. I have become a politician. I will leave the implications there.

Ms. ROS-LEHTINEN. Thank you so much, Tom. Without further delay, I would like to introduce our panelists for today's hearing. First, we will hear from Mr. Mark Richard, who currently serves as Deputy Assistant Attorney General overseeing the Justice Department's Office of International Affairs, International Security, Terrorism and Violent Crime Sections, as well as the Office of Special Investigations. At Justice's Criminal Division since graduating from law school in 1967, Mr. Richard's extensive experience in the field includes, although is not limited to, having served as: Deputy Assistant Attorney General for International Law Enforcement; Assistant to the Attorney General (or AG) for Criminal Law Enforcement; Deputy Assistant AG for Internal Security and International Law Enforcement; Deputy Assistant AG for General Litigation and International Law Enforcement; as Chief of the Department of Justice's Fraud Section; and as Executive Director of the Attorney General's White Collar Crime Committee. He has received numerous accolades in recognition of his service, dedication, and outstanding performance.

He will be followed by Special Agent Michael Stenger. Agent Stenger is the Special Agent in Charge of the Financial Crimes Division of the U.S. Secret Service, which is responsible for the oversight, direction and coordination of domestic and international criminal investigations involving, among others: financial institution fraud; West African, Asian, Russian and other organized crime; electronic funds transfer fraud and other electronic crimes; and money laundering.

Agent Stenger serves as the U.S. Secret Service representative on the U.S. Treasury Department's Undercover Advisory Board and the Technical Security Division Investigations Working Group. He is a 20-year veteran of the Secret Service having served in Newark,

New York City and Washington, DC in protective, investigative and staff assignments.

We will then hear from Jonathan Winer, who is Deputy Assistant Secretary of State for Law Enforcement and Crime in the Bureau of International Narcotics and Law Enforcement. In this capacity, he has represented the United States as head of delegation to the P-8 Group on Crime; the Crime Commission; as chief State Department representative to the Financial Action Task Force and at difficult meetings of the European Union on "Third Pillar" and law enforcement issues. From 1985 through 1993, Mr. Winer served as counsel to U.S. Senator John Kerry. Prior to his tenure in the Senate, he served as counsel to the Lieutenant Governor of Massachusetts, staffing the Governor's Anti-Crime Council. We welcome you today.

The final witness for today's hearing is Sally Miller, director of the Office of Africa at the U.S. Department of Commerce. Ms. Miller's service to the Commerce Department extends over 26 years where she has served in various capacities including as: director for the Central and Southern Africa Division; as policy coordinator for the Asia-Africa Division, Office of Country Marketing; regional marketing manager for Sub-Saharan Africa, Office of International Marketing; Eastern/Southern Africa Desk Officer also in the Office of International Marketing; and as forward planner in the Developing Countries Promotion Staff. As our other witnesses, Ms. Miller has an impressive and extensive list of accomplishments.

We thank all of our witnesses for being here today. We look forward to your testimony. Before we proceed, I would like to first recognize Congressman Hastings, who has just joined us.

Mr. HASTINGS. Thank you, Madam Chairlady. I welcome the witnesses and thank you for holding this hearing. In the interest of time, I will forego any opening statement, Madam Chair.

Ms. ROS-LEHTINEN. Thank you so much, Congressman Payne, I know you have the caucus going on and we thank you for taking time to come. If you would like to make some statements...

Mr. PAYNE. I, too, will, first of all, thank you for calling this very important hearing today and commend you for the interest that you have shown in the continent and the number of hearings you had. I, too, will just yield back my time to hear from our distinguished guests and panelists and look forward to interacting with them.

Ms. ROS-LEHTINEN. Thank you so much, Congressman. Mr. Richard.

STATEMENT OF MARK M. RICHARD, DEPUTY ASSISTANT ATTORNEY GENERAL, DEPARTMENT OF JUSTICE; S.A. MICHAEL STENGER, SPECIAL AGENT IN CHARGE, FINANCIAL CRIMES DIVISION, U.S. SECRET SERVICE; JONATHAN WINER, DEPUTY ASSISTANT SECRETARY, BUREAU OF INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS, DEPARTMENT OF STATE AND SALLY MILLER, DIRECTOR, OFFICE OF AFRICA, INTERNATIONAL TRADE ADMINISTRATION, DEPARTMENT OF COMMERCE

Mr. RICHARD. Thank you so much, Madam Chairwoman, and members of your committee. With your permission, I would like to

submit for the record my written prepared remarks and merely summarize them at this point if that is agreeable with you.

Ms. ROS-LEHTINEN. Of course, no problem.

Mr. RICHARD. I am very pleased to be here to testify about a very significant subject dealing with the growing problem in the United States of responding to white collar crime as well as drug trafficking offenses, which are being perpetrated by Nigerians offered from the safety of Nigeria itself.

Let me preface my remarks by acknowledging that while there are believed to be over 90,000 Nigerians in this country, the vast majority are law-abiding and making significant contributions to American society. Nevertheless, crime perpetrated by a segment of Nigerians is, in fact, becoming a growing problem to law enforcement in this Nation and around the world.

We find that Nigerian nationals are, in fact, involved in perpetrating a variety of financial and other crimes directed against U.S. citizens and businesses. As you mentioned in your opening remarks, these crimes include credit card insurance and bank frauds. And as you indicated, of particular concern is the fraud scheme that has historically been appearing with frequency and regularity involving the fast fee and letter frauds commonly referred to as 4-1-9 schemes.

A common 4-1-9 scheme emanates from Nigeria and has been seen and manifested itself in a deluge of letters sent through the mail and by fax proposing fictitious business opportunities, most of which are in fact just a ruse.

The letters, which are the opening solicitation in a crude but effective advance fee scheme, offer to share a percentage of a very large sum of money with the recipient. The sender often represents himself to be an official of the Nigerian Government and claims that he and his associates have obtained these funds from the Nigerian Government by over invoicing a contract, for example, or even by embezzling money from government accounts or otherwise.

In return for the recipient's assistance for identifying bank accounts outside of Nigeria to which the money can be deposited, the recipient is promised a percentage of the funds.

Many recipients merely throw these letters away or provide them to law enforcement. We have obtained tens of thousands of these solicitation letters from victims and potential victims, although I must admit we believe we are only seeing a small portion of the total number of letters sent to this country.

If the recipient does, in fact, respond to the solicitation letter he will be asked to send money to his new Nigerian confederates to facilitate the promised transfer to his bank accounts. If the victim provides these funds, he may be contacted by what appears to be another organization frequently located in the United States which claims to be a clearinghouse for the Central Bank of Nigeria, for example, the representative of which will request the victim to provide additional funds to complete the transfer.

These clearinghouses are just another step in the fraud scheme and they are often operated by a confederate of the original con man.

Let me try to briefly articulate some of the problems law enforcement has encountered in dealing and responding to this problem.

At this time, law enforcement has no way of actually determining the true number of these letters that enter into the United States nor do we have, in my judgment, a very solid data base concerning the total losses attributed to these schemes. As difficult as it is to determine the true number of solicitation letters entering the United States, it is difficult to ascertain the actual number of victims. Often victims are reluctant or frightened to come forward.

In some instances, despite their losses victims may refuse to believe that they have in fact been defrauded. Nevertheless, based on our experience in this area and the outlines provided by the Secret Service, we have definite belief that losses are, in fact, very significant and range in the area from \$10,000 to well over \$4.5 million per victim.

Moreover, the cases that are brought to our attention are extremely difficult to investigate and prosecute. Even in cases where the victims are willing to cooperate, the perpetrators are frequently located in Nigeria and employed with fictitious identities. We may indict defendants under certain names that they use to defraud. Nevertheless, we discover that they have committed offenses using aliases and they are masters at obtaining financial records and other fictitious documents to mask their true identity and make it extremely difficult for law enforcement to track them.

The United States has treaties and legal assistance relationships with many foreign jurisdictions, but at times prosecutors can make official requests for specific assistance. Money is often wire-transferred out of the bank that we have identified into the victim's hands and we are left essentially attempting to chase funds from country to country. The laundering of these funds causes extremely difficult problems for law enforcement.

Ms. ROS-LEHTINEN. If you could conclude your remarks, Mr. Richard? Thank you.

Mr. RICHARD. Let me just also point out a disturbing trend among some of these Nigerian groups that have been operating in the white collar crime area: we do see indications of overlap with narcotics trafficking and other forms of crime which impose their own set of problems for law enforcement and the community in general.

We are working, as you indicated, in an attempt to develop and maximize our effectiveness on an interagency basis and I am sure my colleagues here will describe that in greater detail during the course of their testimony. Thank you, Madam Chairwoman.

[The prepared statement of Mr. Richard appears in the appendix.]

Ms. ROS-LEHTINEN. Thank you so much. We have enjoyed working with your son, Dan, on the Cuba issue. Send him our best.

Thank you. We would like to now hear from Mr. Stenger of the Secret Service.

STATEMENT OF S.A. MICHAEL STENGER, SPECIAL AGENT IN CHARGE, FINANCIAL CRIMES DIVISION, U.S. SECRET SERVICE

Mr. STENGER. Thank you for the opportunity to address the committee. I would like to ask that my full statement be submitted in the record.

Ms. ROS-LEHTINEN. We will put them all in the record. That will be fine.

Mr. STENGER. I would like to make a note that with me today is Jim Caldwell. He is one of the agents that works for me. He has recently just returned from an operation in Nigeria. The Secret Service distinguishes between structured traditional organized crime now commonly referred to as organized criminal enterprises.

Many of these groups do not follow prior patterns associated with organized crime in relation to structure. However, these groups do support themselves internally through national association while externally creating cells for criminal enterprises on a domestic and international scale. An example of this would be the Nigerian groups which we speak to today.

In 1984, after the Secret Service received additional jurisdictional responsibility for credit card and false identification, we began to engage the Nigerian criminal element on a regular basis. We found that Nigerian criminals are heavily involved in the manufacture and use of false identification.

Through the use of false identification many are entering the United States illegally and have proven adept at developing complex schemes to systematically defraud financial institutions. In fiscal year 1992, the Congress of the United States appropriated funds to the Secret Service which were earmarked for a Nigerian task force initiative. They have taken a proactive approach to the Nigerian organized crime problem by establishing and maintaining task forces throughout the United States whose main focus is the investigation of financial frauds committed by Nigerian nationals and their accomplices.

These task forces include representatives from Customs, Postal Inspection, Immigration, DEA, INS, bank investigators as well as numerous local, county, and State police agencies. This diverse membership is indicative of the number of fraudulent activities being perpetrated by Nigerian criminals. Nigerian criminal sellers have become expert in their many fields of endeavors. In short, they do their homework on financial systems and identify weaknesses that allow them fraudulent access to enormous sums of money. These attacks are often the result of careful planning, precise execution and ultimately take advantage of financial systems designed to be consumer- or customer-friendly.

Since 1990, Nigerian advance fee fraud has emerged as one of the most lucrative fraudulent activities perpetrated by organized criminal elements. As was brought out, the most prevalent one is the advanced fee scheme which you have previously described. I think it should be noted that these advance fee schemes emanate solely from within Nigeria. Our investigations indicate that Nigerians and non-Nigerians based in the United States, Great Britain and other countries are acting in complicity to further these schemes.

We have instituted a program in the Secret Service that tracks these schemes and their victims. The Financial Crimes Division has developed the world's largest data base containing information obtained from over 25,000 Nigerian scam letters. The analysis of the data which that one placard shows, the one with all the

squiggly lines on it, basically revealed the suspected locations of the top advance fee locations in Lagos, Nigeria.

Over the previous year, Secret Service agents have been periodically assigned to the American Embassy in Lagos. They have worked closely with the Department of State Office of Diplomatic Security, as well as the Department of Commerce's commercial attache assigned to the Embassy. We have provided information in the form of investigative leads utilizing this information.

Officers of the FIIB, which is the Special Frauds Units of the Nigerian Federal Investigation Intelligence Bureau, accompanied by Secret Service agents have executed a number of search warrants on the suspected locations in Lagos. These search warrants resulted in the arrests of several Nigerian nationals. Evidence seized has included telephones and fax machines, forged government and Central Bank of Nigeria letterhead and international business directories.

We at the Secret Service have developed a three-prong approach of investigation, interdiction and public education to combat this problem. It is anticipated that public education will have a significant impact on reducing fraud losses associated with these schemes.

We have also issued a public awareness advisory designed to inform and educate U.S. citizens to these schemes. In a cooperative effort with the members of the public and private sector, copies of the advisory have been reproduced and included in publications that reach the groups that appear most vulnerable to these schemes, to include the elderly.

We continue to work closely with the Department of State, Department of Justice, Department of Commerce, American Embassy in Nigeria, as well as numerous foreign law enforcement officials in an attempt to minimize the losses associated with these schemes.

I have also provided a handout to you that goes into a little more depth and basically has these charts in them. This concludes my remarks and I would be happy to answer any questions you may have.

[The prepared statement of Mr. Stenger appears in the appendix.]

Ms. ROS-LEHTINEN. Thank you for being here.

Mr. Winer.

STATEMENT OF JONATHAN WINER, DEPUTY ASSISTANT SECRETARY, BUREAU OF INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS, DEPARTMENT OF STATE

Mr. WINER. Thank you very much, Madam Chairman, and members of the committee. Because of the impact it has on Americans, President Clinton has made the fight against transnational crime among our highest priorities. Our goal at the Department of State under Secretary Christopher is to have every Bureau remember that it also has an America's Desk in addition to the desk we maintain to cover foreign countries.

At my Bureau, given our responsibility for policy and programs to fight narcotics and crime, drugs and thugs, we are constantly thinking of our mission as protecting American citizens and Amer-

ican businessmen from the threats posed by transnational narcotic trafficking and crime. We are therefore developing global and regional strategies for attacking an increasing number of crime problems, including alien smuggling, stolen cars, money laundering, drug trafficking, corruption, and the trafficking of various forms of contraband.

In fact, the crime problems which originate in Nigeria and the strategies that we are developing to combat them are illustrative of the wider efforts we have undertaken. The State is leading right now an interagency working group focused on Nigerian crime involving all interested U.S. law enforcement agencies, the Intelligence Community, Departments of Justice, Treasury and Commerce. And the most recent meeting of that group was just this week. The goal of the group is nothing less than the development and implementation of a comprehensive global plan of action to combat Nigerian crime involving every relevant component of the U.S. Government.

Regarding the Nigerian threat, the country size, population and influence dictate we need well-defined policy objectives and pursue them aggressively. Our law enforcement goals from Nigeria are set in the context of ongoing diplomatic efforts to promote a speedy transition to civilian democratic rule and respect for human rights. We recognize that without a doubt every interest we have in Nigeria, including law enforcement is directly tied to the Nigerian Government's treatment of its own citizens according to international standards.

Each violation of human rights in Nigeria undermines the rule of law and Nigerian efforts to reintegrate the country into the international mainstream.

Regarding 4-1-9 cases, the U.S. Embassy in Lagos reports that it is inundated. It receives requests from U.S. Embassies dealing with Americans defrauded by Nigerians from literally all over the world. We continue to rescue American citizens lured into Nigerian scams, taken hostage and held for ransom.

I would like to quote a little bit from a cable that came in just last month from the Embassy, which I think describes the problem and gives some flavor of the problem.

In 4 months, from April 1st, 1996, to July 31st, our Foreign Commercial Service entered in 612 new entries into the Nigerian fraud data base. That is 150 a month. That is five every day of the week. Day in, day out. We have 6,256 entries now of American individuals and businesses who have gone to the Embassy in a case involving Nigerian fraud. It doesn't talk about ones who come to the United States. It is the people who have actually gone to our embassy in Nigeria.

The Embassy reports Americans still fall for the lure of easy money. Some still report to Lagos to find the pot at the end of the rainbow. In the past 4 months they have helped us repatriate ten Americans who fell for the swindler's tails of fortune and arrived in Lagos to collect their gold.

Very often they wind up in very bad circumstances indeed. We do have continuing recurrent hostage situations where our embassy has to intervene. The Embassy's conclusion: The Embassy fervently hopes the spirit of cooperation exhibited in recent months by var-

ious Nigerian organizations continues and leads to arrests and convictions, but recognizes the prevailing economic and security conditions in Nigeria offer little hope for a major reduction in financial crime.

The government of Nigeria, the Embassy says, will need to make a concerted effort for a long time with a realistic view of the problem in order to be effective. Short spurts of activity followed by a complacency that the problem is going away cannot contain this problem.

Madam Chair, we have a very ambitious and aggressive program directed at other Nigerian crimes, which we are putting together in the Administration. I am glad to go into it further in questions. Thank you very much.

[The prepared statement of Mr. Winer appears in the appendix.]

Ms. ROS-LEHTINEN. Thank you very much, Mr. Winer.

Ms. Miller.

STATEMENT OF SALLY MILLER, DIRECTOR, OFFICE OF AFRICA, INTERNATIONAL TRADE ADMINISTRATION, DEPARTMENT OF COMMERCE

Ms. MILLER. On behalf of the Department of the Commerce, I would like to thank the subcommittee for this opportunity to testify on what the Commerce Department is doing to prevent U.S. citizens from falling prey to advance fee fraud. We believe it is extremely important to increase awareness on this issue. Nigeria is a petroleum-rich West African country of approximately 110 million people. It offers U.S. exporters and investors significant opportunities.

It has the largest domestic market in West Africa. It is the United States' largest trading partner in the region and it represents the second largest market for U.S. products in Sub-Saharan Africa. The reality remains the majority of Nigerian businesses are legitimate. There are opportunities in Nigeria for savvy firms already established in the market. But when pursuing those opportunities, in light of Nigeria's challenging business environment, the U.S. firms should enter the arena with caution and that level of caution needs to be heightened when unsolicited business proposals present themselves. We at Commerce are there to help them as they respond to these unsolicited requests.

Fraudulent business proposals, fake letters of credit, counterfeit checks have been arriving in the United States for at least 10 years. Fraud letters are becoming more sophisticated, thereby making them all the more convincing. The latest scam proposals feature offers of large donations to charities, requests to purchase U.S. real estate, opportunities to get unexpected inheritances, and fake tender documents for sizable government contracts.

The letters may use the names of existing companies, ministries, and even present government contacts. They will utilize very official-looking letterhead and display an array of government seals, stamps and signatures to convey a sense of validity to the offers. The initial contact letters may seem quite innocent in their content. Essentially, their purpose is to establish a rapport with the targeted company or individual, in order for a subsequent letter to appear more credible.

When the fraudulent solicitation is eventually introduced, it may comprise more than a simple one-page business opportunity. The authors of these letters have crafted an impressive array of follow-up letters, supporting documents and contracts in an effort to convince U.S. firms of the alleged importance and authenticity of the business propositions. This supporting documentation all too frequently allays the skepticism that might otherwise greet these proposals.

Commerce has taken an active role in trying to fight these proposals on three fronts: an aggressive information outreach, on-the-ground support in Lagos, which my colleagues have referred to, and participation in interagency efforts.

Our desk at Commerce over the past several years has received close to 4,000 scam letters forwarded to us for our review which we have obviously sent along to our colleagues. We have found the number of letters coming to us declining, but we are still receiving two to three phone calls a day from people in this country who have received solicitations and they have stopped, paused, and sought additional information before they responded.

Trying to quantify the cost of the scams to the American businesses is difficult and imprecise. Our embassy estimates place it at considerably more than \$250 million a year. We have assumed an active role in assisting U.S. firms via public education, largely involving business counseling, published articles, and information outreach to our various States.

Many of the callers to our offices have mentioned the importance that this information outreach has played by alerting them to give us a call before they proceed. Our office has sent background information to all the State international trading offices, to over 150 major trade associations, to all of our department export assistance centers and numerous congressional offices.

We have also done several interviews with the press to bring these articles back to home towns in various States outside of Washington so that the information is available. We have also prepared a Business America article in November of last year entitled, "Doing Business in Nigeria", distinguishing between the profitable and the questionable.

As our colleagues have mentioned, our U.S. and FCS staff in Lagos has been very active in working with the Embassy in rescuing victims who have been lured to Nigeria. Our embassy in Lagos has also put together an alert data base of nearly 6,300 entries of fraudulent companies and this data base facilitates handling the amount of data and the number of letters, faxes being presented so we can do some better checking of companies.

A U.S. firm wanting to know whether a Nigerian company and the transaction are real can check with the Commerce Department by ordering an International Company Profile by contacting the nearest Commerce Export Assistance Center (EAC) or by dialing 1-800-USA-TRADE. They can be directed to the center nearest them.

The ICP offers extensive information on the company in question, but because so much of this fraud involves forged letterhead, U.S. firms are continually asked to call us so we can help check on the legitimacy of the transaction as well as the company. Congress has worked with the Department of State to strengthen and expand the

State Department travel advisory and counselor information sheet. We also worked with State to present a specific brochure on tips for business travelers to Nigeria. Our dominant weapon clearly on preventing Americans on becoming victims of Nigerian scams—

Ms. ROS-LEHTINEN. Thank you, Ms. Miller, if you could summarize your—

Ms. MILLER. Basically, we take some comfort that the number of letters and inquiries we have been receiving has been falling off as our businessmen become better informed. I suspect, however, as our companies get well informed, that the scamsters are looking at other segments of our community.

[The prepared statement of Ms. Miller appears in the appendix.]

Ms. ROS-LEHTINEN. Thank you so much. Mr. Payne, if you would like to begin the round of questioning before we go for a vote.

Mr. PAYNE. Let me ask a question to any one of you. Are the scams, are they where a person is expecting to get absolutely everything for nothing or do you find some of them seem like a legitimate business opportunity that businesses may be operated? Is it all greedy or are people thinking that they have some folks that don't know much about money and not much about what is going on and they can con them, or do you find it varies in the type?

Mr. STENGER. What we are finding mostly is a combination of all of them. You find some people who think they are getting something for nothing. You find more and more the elderly are being targeted. You are seeing telemarketing schemes, mass marketing to think that they have made the hit that they are going to make for their life and send their children to college.

We have seen businessmen being duped. More and more we see that on a regular basis. We have seen some profit and nonprofit organizations being lured into schemes where they think they are the benefactors of a will. We see more and more of a combination of all that put together.

Ms. MILLER. Some will start out as small sales transactions that are legitimate when the documentation goes through, so after two or three small orders the third or fourth order is very sizable, so they ship a larger one without attendant prudent financial coverage.

Mr. PAYNE. I have heard the 4-1-9. They use it regularly in Nigeria. Every time I have mentioned it in a Nigerian group, laughter breaks out because it is supposedly the government's law to prevent this from happening and they regard that as a joke. Have they made any midget steps to try to enforce 4-1-9? It may be in a brief second you could explain what 4-1-9 is.

Mr. STENGER. A most recent example of that was the case we just had about 1½, 2 months ago within Nigeria. We sent our agents over there. From the data analysis from what we received when we worked with the fraud unit for Nigerian police, absent other information it seemed to be a successful operation, and about 43 people were arrested. Other than that, we are working with our law enforcement and having conferences and spreading that information. But I think the only example I can think of right now is the case that recently took place.

Mr. RICHARD. Several years ago, we attempted and did, in fact, negotiate a mutual legal assistance treaty with Nigeria. Given

what we perceived to be the deteriorating conditions in Nigeria, and especially with respect to systemic corruption in this area, we asked the Senate Foreign Relations Committee not to proceed to move to consider for ratification.

Mr. PAYNE. Thank you. It is a shame because Nigeria has such potential, a tremendously educated work force, a very learned people, very entrepreneurish, and for a nation to get a stigma because of some lawless, scheming individuals is unfortunate, because I know in some States they are warning, you don't do business with a Nigerian, and it is a broad brush. It is unfortunate for a country with so much talent and ability to have that negative connotation attached to it. I hope they can get their act together and move toward more normal governance of a nation.

Mr. RICHARD. I might add, it is not just a U.S. law enforcement reaction. If you go into the international community and you talk about Nigerian problems, everybody is experiencing it. It is a worldwide problem.

Mr. PAYNE. Thank you.

Ms. ROS-LEHTINEN. Following up on Mr. Payne's first question about how someone can fall victim, you had stated in your statement, Mr. Richard, about a case. You say in April 1995, a Nigerian individual was convicted in Virginia of defrauding a U.S. businessman of over \$4 million in an advance fee fraud scheme. The defendant in that case was sentenced to serve 51 months in prison and to pay \$600,000 in restitution to the victim, and to pay a \$15,000 fine.

It is difficult for us to understand how a businessman successful enough to have the money to actually have \$4 million to put into these schemes could become vulnerable. Ms. Miller explained how sometimes they do two or three smaller transactions and then proceed with a bigger one.

They first get a flood of faxes of seemingly legitimate-looking documents that are, of course, a fraud. What kind of documents do these individuals first get faxed that would lead them to think that this fraud scheme is legitimate and could have them lose millions of dollars?

Mr. RICHARD. There are a whole variety of documents and, facially, many of them are extremely well done. Part of the difficulty in dealing with this problem is the question of documentation. The Nigerian Government, because of corruption and other factors, does, in fact, issue a variety of instruments that are facially valid. They are issued by co-conspirators, if you will, and they are traded. They are frequently positioned so that when you seek back-up confirmation as to their validity, you end up through traditional checking sources to be lulled into believing that this is a credible operation.

You have coconspirators planted in the central bank and other critical institutions in Nigeria that provide affirmation as to the legitimacy of the documentation being provided. You are lured in, you are sucked in. In one sense, it is unsophisticated. But in another sense, it is very sophisticated, and very sophisticated American businesspeople have, in fact, been taken in in a variety of different schemes. This is one of a variety of different types of fraudu-

lent schemes that are being perpetrated. I wouldn't assume that it is being perpetrated on the naive and the gullible.

Ms. ROS-LEHTINEN. Mr. Winer wanted to add something and I wanted to see if you could also add to your testimony. You talked about an important number of Nigerians who are here in the United States who are involved in frauds, schemes, drug trafficking, identity and passport fraud and a host of other criminal activities. I wanted to ask what could be done to improve the quality of your review of Nigerian applicants for admission to the United States?

Mr. WINER. That is a good question. Before I answer that question, I want to address one point. This is a global phenomenon. Americans are being victimized, a lot of Americans are being victimized, but there are people all over the world who are being victimized. The Department of State went last year and 39 countries joined with us in a unique demarche to the Nigerian Government complaining about 4-1-9 scams. That is 39 countries going and saying to Nigeria you have a problem as a country. Criminals in your country are targeting our citizens. We expect you to do more about it. So it is an institutional problem, not just a problem of individuals.

Ms. ROS-LEHTINEN. If we could hold that thought, unfortunately we have a series of votes coming up. I am going to come right back and I am sure that Mr. Campbell will, as well, and Mr. Payne is going to try.

The subcommittee is recessed for a short period.

[Recess.]

Mr. CAMPBELL. [Presiding]. The Committee on International Relations, Subcommittee on Africa is recommencing. I understand, Mr. Winer, you were in the course of answering a question.

Mr. WINER. I was asked a question of what more could the United States be doing to protect American businesses against Nigerians coming to the United States with the intent to commit criminal activity and then carrying it out in the United States. This problem has been under intense discussion within a number of executive branch agencies.

What we want to be able to do is to make sure that our visa process is better able to have access to a wide range of U.S. law enforcement information in at least a baseline or look-out fashion so that we have a better data base to draw from when people apply for visas to register hits. Under the law that is in place right now we have such a system. It is pretty good at getting into narcotics-related data. There are limitations on the degree to which we can get nonnarcotics data, which we hope to address quite shortly.

We are looking at the possibility of taking biometric data, information about an individual's personal characteristics in effect which could get into the visas in more detail which would be unique as identifiers in order to get better track of individuals. We sometimes have a situation now where a visa or passport will be issued to one person and will then be used by many people, all of whom have the same general build or background or whatever.

The system has not been able to track that adequately. So we are trying to put in better devices to protect ourselves against foreign criminals coming to the United States. I would say we are in mid-stream on that. There is quite a bit more we have to do.

Mr. RICHARD. I would add that part of the problem is that Nigerians frequently travel with false passports from other countries. We have that problem compounding the situation.

Mr. CAMPBELL. Thank you. In Ms. Ros-Lehtinen's absence, I will continue chairing the committee and turn to my own questions.

Let me turn inquiry toward the complicity of the Nigerian Government. To what extent do we believe this is the case?

Mr. WINER. There is no question that corruption in Nigeria is a tremendous problem which is a substantial portion of the Nigerian crime problem. I want to emphasize again, it is not just the United States that experiences the consequences of this. This is a problem for Nigeria's neighbors, a problem for South Africa.

Last week, in my office senior South African officials were complaining about South Africa being targeted by Nigerian criminals. It is quite clear that there has been a very substantial institutional failure within the Nigerian Government, and that institutional failure includes the corruption of officials in relevant ministries who help the perpetrators of some of these frauds because they get access to, one way or another, official telephones or official stationery. Of course, in Nigeria and every government you have good people who are trying to do the best thing, people of integrity, people who want their government to look good. But there are also, in this case, such institutional failures overall that we have a unique and very significant problem.

Mr. CAMPBELL. Mr. Winer, would you say that without the complicity of individuals in the Nigerian Government, the kinds of fraud we are discussing in today's hearing would be substantially less or would not be possible in the degree to which we observe it?

Mr. WINER. I think it is too strong a statement to say that it would not be possible because in a number of governments, and Nigeria is not unique in this, you have governmental capability questions, the degree to which the central government is capable of monitoring and regulating financial activity in a country.

The fax machine is ubiquitous. Anywhere there is a fax machine people can enter into communications which are beyond the government's control. That is a good thing. It generates a lot of economic activity, but can be abused. So there would be fraud regardless of whether the government was a full partner with other governments. But there is a long distance between a situation of full partnership and what we have today.

Unfortunately, a number of our law enforcement agencies have expressed to the Department of State their concern that relevant Nigerian agencies cannot be trusted to be full partners with them, which is one reason we are not doing more with respect to training and assistance today.

Mr. CAMPBELL. I was asking more of a dimension, whether we would be observing it to the large extent that we would without complicity by agents of the Nigerian Government.

Mr. WINER. The institutional governmental environment clearly has fostered a broad pattern of criminal activity, and we would like to see that institutional environment changed to discourage this activity instead of encouraging it.

Mr. CAMPBELL. Mr. Richards.

Mr. RICHARD. I would add that one of the difficulties it presents, because it is so systemic, is how to identify components within the Nigerian enforcement community and other institutions that are trustworthy and that we could try to build some bridges with. These cases, frankly, are difficult to make without securing the cooperation of the Nigerian Government. This is one of the challenges posed to law enforcement in operating in this environment.

Mr. CAMPBELL. I would like to pursue with Mr. Winer and Mr. Richard the negotiations with the Nigerians. I understand that we have a request from them or the willingness expressed by them to have a new extradition treaty, but that negotiation is on hold given the present situation of the government in Nigeria and our strained relations with it. Is that an accurate statement?

Mr. WINER. We are not moving toward negotiating any law enforcement arrangement with the government of Nigeria now, but there is nothing which prevents Nigeria from acceding to the two extradition relationships we had with Nigeria when it was still a Commonwealth country. Moreover, they can deport people, there are any number of arrangements which they could do to ensure that criminals do not become fugitives from justice and are tried in countries where the victims are.

Mr. CAMPBELL. I understand. However, the extradition treaty with the United Kingdom to which Nigeria would be successor does not specify conspiracy, does specify wire fraud, and hence we would have to negotiate at least a codicil. As I understand it, Nigeria has expressed willingness to talk with us and we are presently on hold because of strained relations. Is that accurate?

Mr. RICHARD. It is. The extradition treaty, which is as you indicate, the Commonwealth treaty with the United Kingdom, is an outdated treaty. It has a variety of deficiencies, even with respect to those crimes currently covered by it. The Nigerians have not lived up to their obligations under the current treaty, and it is problematic whether they would live up to an expanded treaty if one were to be negotiated.

Mr. CAMPBELL. Ms. Miller, this is of interest as to the legitimate opportunities for business that are being presented by Nigeria. You alluded to this in your opening testimony and it is of significance in that if there are a large number of legitimate businesses, I would like to have this hearing provide some concrete advice as to legitimate American investors, as to what to watch for that is OK and what isn't.

Ms. MILLER. The sectors that we see as offering the greatest opportunities would be oil and gas machinery, computers, software, peripherals, telecommunications, motor vehicles, construction equipment, ag products, wheat and rice. They are competitive and ones which, when markets are open, U.S. supplies would be able to get in and sell American firms that are in the market and who have stuck it out there have on target insights as to how to cope with that environment.

It tends to be more those who have never experienced working with Nigeria before who are more susceptible to these importunings than those who have their feet, if somewhat dirty, but on the ground knowing what to do there.

Mr. CAMPBELL. Thank you. I yield to my friend from New York, Congressman Houghton.

Mr. HOUGHTON. Thank you, Mr. Chairman. I haven't been here so I don't know what the flow of questioning is. I guess—is drug trafficking part of this?

Mr. CAMPBELL. It was not explicitly part of the invitation to testify. However, Mr. Winer in his testimony did speak to drug enforcement as well as broad enforcement. The question would be appropriate to ask.

Mr. HOUGHTON. There are money scams that come from countries all over the world. Some are just more callous than others. It is nothing new. Of course, the issue is what harm is being done to this country in really a major way, whether it is in the money scam business or whether it is in the drug trafficking, or whatever it is, if you had to pick out the one thing you are most worried about in terms of the security and the sense of decency in this country, what would it be? To anybody.

Mr. WINER. Clearly, it would be the impact of the illegal drug trafficking on our communities, our schools, our families, our institutions.

Mr. HOUGHTON. But it wouldn't be the money scam programs, it would be in the drug area, right?

Mr. WINER. Yes, sir, but there are numerous threats which become a conglomeration of problems that go together.

Mr. RICHARD. I think the greatest threat is the entrepreneurial nature of these criminals. They have at their call a variety of capabilities, and they have demonstrated a willingness to shift into any area, violence, use of contraband, fraud, any particular avenue, criminal avenue that suits their purpose and they think they can accomplish it.

Mr. HOUGHTON. But can they hurt the United States more from Nigerian territory than they can from Colombia or some other country?

Mr. RICHARD. I am not sure more. They have demonstrated a willingness to use the most ruthless tactics where necessary. We have had Americans killed, held hostage and what have you.

Mr. HOUGHTON. So if the Congress, if the House could be of assistance to the Administration in fulfilling its obligations doing what it should be doing, what should we do?

Mr. RICHARD. Well, I think we need to bring a continued pressure on the Nigerian Government to get its house in order, to live up to its international obligations.

Mr. HOUGHTON. That would be diplomatic and economic, the usual things?

Mr. RICHARD. Well, it is the whole panoply. Nations have to be mobilized to reflect a sense of outrage that governments can exist and refuse to address these kinds of problems that have impact, significant impact, on the national security of other nations. So I think the continued pressure, the fact that it is——

Mr. HOUGHTON. So it is all nonmilitary pressure; right?

Mr. RICHARD. I can't speak for anything other than the law enforcement response.

Mr. HOUGHTON. Does anybody else have ideas?

Mr. STENGER. On the narcotics side, what we see is a constant nexus between the fraud side—a constant interrelationship. I think it has to be addressed as a whole rather than in parts. They are not specifically doing fraudulent financial schemes and other groups doing narcotics. It is a free interplay and the money that is generated from the fraud side many times is used as seed money for narcotics. We had a case in Newark where we thought it was a major narcotics trafficking money laundering case where, in fact, it was money going through accounts derived from these 4-1-9 cases.

Mr. WINER. If heroin is a problem, then Nigeria is a problem because Nigerian heroin couriers and Nigerian heroin organizations are among the most substantial heroin traffickers in the world.

Mr. HOUGHTON. Are they permitted by the government?

Mr. WINER. The failure of Nigerian institutions is an element in this highly capable criminal activity. What our job at State is and where we could continue to get more help perhaps from the Congress is in building international support for pressure on Nigeria. Because it is not enough for the United States to complain alone for a country which is an autonomous country on a different continent. We have to have other countries saying it is a problem to us, too.

Last year, we had 39 countries join simultaneously in demarching Nigeria on 4-1-9 crimes. That got their attention. We decertified Nigeria for not cooperating with us on narcotics. We have diplomatic communications about these institutional failures, and the pressure has helped cause the Nigerian Government to take some actions.

Mr. HOUGHTON. If I could interrupt, it would seem to me this would be a responsibility of the Administration. I don't think you want us in the business of trying to represent to other countries to build up pressure against Nigeria. We will help you in any way we can, but the contact has to be here. We don't want to practice foreign relations without a license.

Mr. WINER. You are quite right. I meant vis-a-vis other countries to permit the U.S. Government as a whole to continue to carry out that mission, which gets into some other issues.

Mr. HOUGHTON. Thank you very much.

Mr. CAMPBELL. Thank you, Mr. Houghton. On behalf of the Chair with whom I have consulted, we will address the timing problem in the following manner. We have a series of 5-minute votes, meaning it would be impolite to ask you to stay here when we may be gone for as much as an hour.

Accordingly, with the Chair's approval, I will adjourn the meeting with the following request. There is a list of questions that we would have otherwise been able to obtain answers to, which I would like to submit to the four panelists. The answers can be succinct.

Do your best, if you would. That would be the request of this committee. I would offer one appendix, and that is would each of you kindly take a moment and think if there is a legislative suggestion that you have. We touched on this just now in the colloquy between my colleague and Mr. Winer.

If there is a legislative proposal, we would be interested in hearing that, so in addition to the letter which will respond to the questions of the Chair, would you just answer the next one to me, give me a specific, and we will do our best to try to respond.

With that, my thanks to Mr. Richard, Agent Stenger, Mr. Winer and Ms. Miller, and the hearing of the Subcommittee on African Relations is adjourned.

[Whereupon, at 3:15 p.m., the subcommittee was adjourned.]

APPENDIX

STATEMENT OF CONGRESSMAN TOM CAMPBELL AFRICA SUBCOMMITTEE, HOUSE INTERNATIONAL RELATIONS COMMITTEE NIGERIAN WHITE COLLAR CRIME

September 11, 1996

Thank you, Madam Chair, for holding this most important hearing.

According to the Justice Department's Criminal Division of its Office of International Affairs, there has been a steady growth in the number of Nigerian nationals involved in white collar crimes such as advance fee schemes and immigration fraud, including passport and visa fraud. The losses to American citizens from these offenses is estimated to be in the billions of dollars per year, and the impact on US law enforcement resources is quite significant.

This issue was brought to my attention by a number of Silicon Valley executives within my district who have been the target of advance fee letter scams for over three years. Essentially, these scam letters assure the victim that he or she will receive a large sum of money in exchange for permission to transfer funds (often described as the proceeds of an inflated petroleum contract payment from the Nigerian Government) into the recipient's bank account. If the victim agrees, the scammers dupe the victim into providing funds to them in advance, ostensibly to facilitate the transfer, and then vanish. According to the Department of Justice, victims are sometimes cajoled or bullied into traveling to Nigeria, ostensibly to collect the promised funds. Those victims that do go to Nigeria for this purpose may be kidnaped, beaten, or even killed. (Samples of these letters are attached to this testimony).

Due to the deteriorating relations between the US and Nigeria, little improvement in cooperation in this matter can be expected from the Nigerian government. Thus, it will continue to be difficult for the US to prosecute these crimes against Nigerian nationals. I am hopeful that this hearing will shed enough information on this matter to place potential future victims of this type of white collar crime on notice, and deter expansion of these crimes within the United States.

I hope this hearing will serve as a public service announcement warning the public about the various white collar fraud schemes perpetrated in the US by Nigerian nationals. Attached is a sample copy of a Nigerian fraud letter received by one of my constituents just the other day. Should anyone in the US receive such a letter, or otherwise become aware of a suspected fraud scheme of this nature, they should immediately contact federal authorities. I have been informed by the Justice Department that copies of these letters should be faxed directly to the Financial Crimes Division of the US Secret Service in Washington, D.C., to the attention of Craig Spraggins. His fax number is (202) 435-5031; he can also be reached by phone at (202) 435-5850.

I am grateful to our witnesses from the Departments of Commerce, Justice, State, and the US Secret Service for appearing before this Committee today to enlighten us on this issue, and I look forward to their testimony.



U.S. Department of Justice
Office of Legislative Affairs

Office of the Assistant Attorney General

Washington, D.C. 20530

TESTIMONY OF

MARK M RICHARD
DEPUTY ASSISTANT ATTORNEY GENERAL
DEPARTMENT OF JUSTICE

SUBCOMMITTEE ON AFRICA
NIGERIAN WHITE COLLAR CRIME

SEPTEMBER 11, 1996

Mr. Chairman, it is a pleasure to be here today to testify before your Committee about what has become a growing problem in the United States -- both white collar and drug trafficking offenses which are being perpetrated by Nigerians, generally from the safety of Nigeria. My name is Mark Richard and I am Deputy Assistant Attorney General for the Criminal Division at the Department of Justice and I plan to shed some light on the nature of the offenses that the Department is confronting and what we are doing to combat these egregious acts.

A. WHITE COLLAR CRIMES:

Nigerian nationals are involved in perpetrating a variety of financial and other crimes upon U.S. citizens and businesses from the safety of Nigeria. These crimes include credit card, insurance and bank frauds. Of perhaps greatest concern is a particular type of fraud scheme that has been appearing with greater frequency -- the advance fee or letter frauds, commonly called "4-1-9" schemes after the section of the Nigerian penal code that criminalizes fraud offenses.

The most common "4-1-9" scheme to emanate from Nigeria has been the deluge of letters sent through the mails and by telefacsimile, proposing fictitious "business opportunities," most of which are a cunning ruse intended to both appeal to the recipients' greed and to lull the recipients into silence. The letters -- which are the opening solicitation in a crude but effective advance fee fraud scheme -- offer to share a percentage of a very large sum of money with the recipient -- generally \$20 to \$60 million.

The ruse is that the potential victims are told that this pot of gold was, itself, obtained through a fraud against the Nigerian government. The sender frequently represents himself to be an official of the Nigerian government and claims that he and his associates have obtained these funds illicitly from the Nigerian government, by over-invoicing a contract, by embezzling money from government accounts, or otherwise. In return for the recipient's assistance with identifying bank accounts outside Nigeria into which the money can be deposited, the recipient is promised a percentage of the funds.

Many recipients throw these letters away, or provide them to law enforcement or other organizations without responding. U.S. law enforcement officials have obtained tens of thousands of these letters from victims and potential victims; although we believe that we see only a small portion of the total number sent to this country, each of these letters follows a common pattern. If the recipient responds to the solicitation letter, he will be asked to send money to his new Nigerian confederates to "facilitate" the promised transfer to his bank account. The Nigerian conman generally represents that the promised funds are being held in the Central Bank of Nigeria, and that, prior to receiving the transfer, the victim must advance funds to the conman and his associates to satisfy certain requirements including paying: Nigerian taxes, bank transfer fees, fees for purportedly required documents such as "certificates of completion," payments to subcontractors, "non-refundable transfer fees," or bribes to Nigerian officials. In fact, these "requirements" are entirely fictitious. Despite the official looking receipts and

certificates provided by the fraudsters, there are no funds, embezzled or otherwise fraudulently obtained from the Nigerian government, as represented to the victim by the fraudsters. All the money provided by the victim goes into the pockets of the Nigerian conmen and their associates. Moreover, the fraudsters are persistent. Once the victim sends the first wire transfer, the fraudsters will request more money for additional, fictitious "fees" or "charges."

If the victim provides these funds, he may be contacted by what appears to be another organization, frequently located in the United States, which claims to be a "clearing house" for the Central Bank of Nigeria -- the representatives of which will request the victim to provide additional funds to complete the transfer. These "clearing houses" are just another step in the fraud scheme. They are operated by a confederate of the original conman who will attempt to further defraud the victim by directing the victim to transfer additional funds, in order to receive the transfer as promised by the first Nigerian conman.

At the end of all these contacts and transfers, the victim -- who may have been led to believe that he was participating in a dubious enterprise -- has been defrauded of a great deal of his own money, and has received nothing in return.

1. Problems for U.S. law enforcement dealing with white collar crimes:

Although law enforcement personnel in the United States have obtained, reviewed and entered into various databases, tens of thousands of these advance fee fraud letters, at this time we have no way to determine the true number of these letters that enter the United States, nor do we have any solid data concerning the total losses attributable to these schemes. Some letters are stopped at the border by the U.S. Postal Service and never reach their intended victims. Many more enter the United States by facsimile, and some may be sent from third countries, to avoid detection. We have found, for instance, that arrests of Nigerian advance fee fraud offenders or their confederates have resulted in seizures of bundles of sealed, pre-addressed letters carrying U.S. postage, which were bound for victims outside the United States. We believe that the same bundling system is being used to transport letters into the United States.

As difficult as it is to determine the true number of solicitation letters entering the United States, it is almost equally difficult to ascertain the number of actual victims of these schemes. Often, victims are too ashamed or too frightened to come forward -- either because they believe that they were actually participating in a scheme to defraud the Nigerian government, or because they have been threatened by the fraudsters. In some instances, despite their losses, victims may refuse to believe that they have been defrauded. Based on interviews conducted by law enforcement personnel, particularly by the Secret Service in connection with the Nigerian advance fee fraud database and hotline they have established, we believe that a number of individuals have experienced significant losses. Information obtained to date indicates that individual losses range from a low of approximately \$10,000 to well over \$4-5 million per victim.

Those cases that are brought to the government's attention can be extremely difficult to investigate and prosecute. Even in cases where the victims are willing to cooperate, the

perpetrators frequently are located in Nigeria, and often employ multiple fictitious identities. Although we can indict the defendants under the names they used to defraud the victims, discovering whether they have committed any prior offenses, obtaining their financial records, or attempting to secure their extradition from any country is difficult without more accurate identification. Moreover, it is difficult for us to control our borders where defendants travel freely under false identities.

Despite the simplicity of these schemes, the perpetrators of these offenses are not unsophisticated criminals. They generally require their victims to send funds to bank accounts abroad, or to U.S. accounts from which the offenders then transfer money to other accounts outside the U.S. Although the United States has treaties and legal assistance relationships with many foreign jurisdictions, by the time prosecutors can make official requests for legal assistance to obtain evidence that would be admissible in a U.S. court, the money has been wire transferred out of the bank into which the victim transferred it, and law enforcement personnel must attempt to chase the funds from country to country.

The laundering of these funds presents further problems for law enforcement. In many instances, the victims are directed to transfer funds to accounts which are held by individuals or entities other than the fraudsters who have been in direct contact with the victim and who, therefore, have no apparent relationship to the fraud scheme. Moreover, the fraudsters may receive their expected portion of the fraud proceeds from sources other than the accounts into which the victims made their deposits, making it very difficult for investigators to follow the money trail.

The volume of transfers into and out of these accounts is staggering. Over \$29 million was transferred into and out of one account in a single year. Other accounts examined by law enforcement personnel are also highly active. While a thorough analysis of such accounts can yield useful evidence and intelligence for law enforcement purposes, obtaining these records and performing detailed analyses of these accounts is a time consuming and resource intensive project.

We have further discovered that Nigerian criminal enterprises have developed sophisticated systems for laundering the proceeds of these and other offenses. Essentially, these individuals have devised a method whereby they "de-link" the deposit of the proceeds of the fraud scheme and the laundering of the funds. The victim is instructed to transfer funds -- the fraud proceeds -- into a financial institution in one country, and the fraudster receives a credit with the money launderer who advises an associate in Nigeria or elsewhere that he should provide someone designated by the fraudster with the amount of the credit, less the launderer's fee. This mechanism of offsetting credits in one country against debits in another results in an untraceable -- and very effective -- worldwide money laundering system.

Even where we are able to obtain foreign bank records and build a substantial fraud and money laundering case by tracing the funds, by the time that this has been accomplished, the account has been closed and the money is gone. Thus, we are frequently unable to recover the

victim's lost money, and, because the Nigerian perpetrators may not have assets in the United States, we may be unable to successfully obtain restitution for the victim.

In addition to these difficulties -- which are often inherent in many investigations of transnational financial crimes -- there are certain unique problems involved in prosecuting these particular fraud schemes. For example, the Nigerian government has never extradited to the U.S. any individual charged with committing a financial crime. In the past four years, pursuant to U.S. extradition requests, Nigeria has arrested eight drug traffickers. Nigeria subsequently expelled them into U.S. custody by executive fiat rather than through the formal extradition process. In December 1995, however, nine other fugitives who had been arrested for extradition to the U.S. were summarily released from custody; only one of the fugitives was required to post bail. In short, Nigeria's response to U.S. extradition requests has been very uneven and unreliable. Nor, despite recent pronouncements by the Nigerian government that it has begun its own law enforcement initiatives, have Nigerians been prosecuted for advance fee fraud or related money laundering offenses in Nigeria. Thus, Nigerians who commit these offenses can operate in their own country with relative impunity.

It is difficult to establish a baseline of normal business activity against which the Nigerian frauds can be examined. Although it has enormous resources, Nigeria lacks a well-developed infrastructure. Assuming the will to cooperate, simple undertakings, like obtaining reliable identification records for an individual or bank records, can be extremely difficult. Nigerian government and business records, such as birth certificates, identification documents and financial records, are often of questionable authenticity. In one memorable episode of the investigative television program "60 Minutes" concerning fraud in Nigeria, Mr. Mike Wallace obtained a Nigerian birth certificate and passport that showed him to be a young Nigerian-born farmer. Such pervasive, low-level corruption within Nigerian governmental entities contributes to an overall environment that permits fraud to flourish, virtually unpunished.

Beyond the lack of basic functioning governmental institutions, a more active form of corruption exists. At various levels, advance fee fraud has permeated the few functioning institutions in Nigeria, including the Central Bank of Nigeria. Victims who contact the Central Bank of Nigeria at its main telephone number may later learn that their telephone calls have been transferred either to fraudsters operating inside the Central Bank, or have been diverted from the Bank to outside exchanges which are being used by the schemers.

2. Successful white collar crime prosecutions

The Justice Department has had some recent successes in prosecuting these types of cases. For instance, in April 1995, a Nigerian individual was convicted in Virginia of defrauding a U.S. businessman of over \$4 million in an advance fee fraud scheme. The defendant in that case was sentenced to serve 51 months in prison, to pay \$600,000 in restitution to the victim, and to pay a \$15,000 fine. The Department of Justice was able to successfully prosecute that case because we received timely cooperation by law enforcement authorities in the United Kingdom and Switzerland, including the defendant's arrest by the Swiss police. Two additional defendants are believed to be in Nigeria, and the Department of Justice has made

unsuccessful requests to the Nigerian government for their arrest and extradition.

In a similar case last year, two men -- one a Nigerian and the other a U.S. citizen -- were convicted in Oklahoma City of defrauding a German citizen of over \$1 million, over \$300,000 of which was deposited into an Oklahoma City bank. The Nigerian, who had previously been convicted of another fraud offense, received a sentence of 48 months imprisonment, and the American received a sentence of 18 months imprisonment. The government was also able to recover a portion of the \$300,000 loss through an administrative seizure by the IRS. In another case prosecuted in Virginia in 1996, a Nigerian national was convicted of defrauding a citizen of Guam of over \$1 million in an advance fee fraud scheme. Similar cases are being prosecuted by other U.S. Attorneys' Offices.

B. DRUG TRAFFICKING

In addition to the white collar crime problem involving Nigeria, Nigeria is a major transit country for heroin from Asia and cocaine from South America. Initially, the heroin source countries were in Southwest Asia; today, they are mainly countries located in Southeast Asia. In addition to being a transit country, many Nigerians are also involved in drug trafficking.

1. Heroin Trafficking

Since the mid-1980s, over one thousand Nigerian nationals have been caught and convicted of smuggling heroin into the United States. These smugglers, also known as "bearers," are mostly females who hide the heroin in their clothing, luggage or body cavities. Most sources agree that only a fraction of the couriers are actually detected and apprehended. When they are arrested, the bearers usually choose not to cooperate with U.S. law enforcement. Instead, they plead guilty, serve their time, and are subsequently deported to Nigeria. This lack of cooperation makes it difficult for U.S. law enforcement to identify and pursue the head of the drug-trafficking operations, who remain safely in Nigeria.

Nigerian crime rings control important portions of heroin distribution in Baltimore and other cities in the Eastern portion of the United States, and are responsible for about half of all the heroin smuggled into the United States. For example, prosecutors in Washington D.C. estimate that Nigerians control two thirds of the heroin in the Washington-Baltimore area. Seizures of heroin from Nigerian couriers have been increasing dramatically each year, and are now the most significant smuggling problem at JFK International Airport in New York.

2. Cocaine Trafficking

Nigerian criminal organizations are now expanding into the cocaine trade. Cocaine destined for Western Europe is transported from Peru and Colombia through Brazil. These organizations are quickly developing ties with Colombian drug syndicates.

3. Nigeria's Drug Laws

Despite its severe drug-trafficking problems, Nigeria has made little effort to address the

problem. Nigeria adopted a comprehensive anti-drug plan in 1995, but has not funded it adequately for it to be useful. Nigeria also passed a money laundering law in 1995, which has permitted some arrests, but as yet no convictions. Nigeria's minimal efforts in 1995 to address its drug trafficking and money laundering problems, led to its de-certification in March 1996, for the third consecutive year. (Full certification was granted from 1987 to 1993.)

The brightest spot in the Nigerian anti-drug effort is the National Drug Law Enforcement Agency (NDLEA), led by Major General Musa Bamayi. The NDLEA has tried to move beyond the pursuit and arrest of couriers to the pursuit and, hopefully arrest, of the leaders of Nigeria's drug-trafficking organizations -- a move encouraged by U.S. authorities. The NDLEA has made some efforts to address the problem of corruption in its ranks, yet corruption, which is endemic throughout the Nigerian government, remains a problem.

C. EFFORTS TO RESOLVE THE NIGERIAN CRIME PROBLEMS:

The Department of Justice, has been attempting to combat the Nigerian crime problem by actively investigating and prosecuting Nigerians involved in white collar crime and drug trafficking activities. In the white collar crime area, the Department of Justice has also been attempting to bring an enhanced awareness to the Nigerian white collar crime, especially advance fee frauds, by publicizing the issue in an effort to deter potential victims from agreeing to participate in such schemes.

The Department also has produced a manual for federal prosecutors -- a copy of which I will furnish to this Committee -- outlining strategies for investigating and prosecuting these types of offenses. This manual is being made available to prosecutors via the "USA Book," an electronic database resource for federal prosecutors that will be accessible from each of the personal computers linked to the Department of Justice's internal network.

In the drug trafficking area, the Department of Justice, working with the State Department, has been involved in the de-certification of Nigeria for the third consecutive year. The Department of Justice, through the State Department, has told Nigeria that in order to be re-certified, Nigeria must: (1) devise a drug control strategy and a budget to implement it; (2) safeguard intelligence and evidence regarding major drug traffickers; (3) expedite pending extradition requests; and (4) move against narcotics-related corruption by senior officials.

D. CONCLUSION

The Justice Department will continue to investigate and prosecute these cases vigorously and we will continue to cooperate with foreign law enforcement personnel to ensure that advance fee fraudsters will find no safe haven from which to perpetrate these schemes.

**TESTIMONY OF MICHAEL C. STENGER
SPECIAL AGENT IN CHARGE
FINANCIAL CRIMES DIVISION
UNITED STATES SECRET SERVICE**

HOUSE COMMITTEE ON INTERNATIONAL RELATIONS

SUBCOMMITTEE ON AFRICA

SEPTEMBER 11, 1996

MR. CHAIRMAN, THANK YOU FOR THE OPPORTUNITY TO ADDRESS THIS COMMITTEE CONCERNING THE SUBJECT OF NIGERIAN WHITE COLLAR CRIME.

I AM MICHAEL C. STENGER REPRESENTING THE UNITED STATES SECRET SERVICE TODAY IN MY CAPACITY AS SPECIAL AGENT IN CHARGE OF THE FINANCIAL CRIMES DIVISION.

THE SECRET SERVICE DISTINGUISHES BETWEEN STRUCTURED, TRADITIONAL ORGANIZED CRIME AND WHAT ARE NOW COMMONLY REFERRED TO AS ORGANIZED CRIMINAL ENTERPRISES. MANY OF THESE GROUPS DO NOT FOLLOW PRIOR PATTERNS ASSOCIATED WITH ORGANIZED CRIME IN RELATION TO STRUCTURE. HOWEVER, THESE GROUPS DO SUPPORT THEMSELVES INTERNALLY THROUGH NATIONAL ASSOCIATION WHILE EXTERNALLY CREATING ENCLAVES OR CELLS FOR CRIMINAL ENTERPRISES ON A DOMESTIC AND INTERNATIONAL SCALE.

AN EXAMPLE OF THIS WOULD BE THE NIGERIAN CRIMINAL GROUPS WHICH I HAVE BEEN ASKED TO SPEAK ABOUT TODAY.

IN 1984, AFTER THE SECRET SERVICE RECEIVED ADDITIONAL JURISDICTIONAL RESPONSIBILITY FOR CREDIT CARD FRAUD AND FALSE IDENTIFICATION, WE BEGAN TO ENGAGE THE NIGERIAN CRIMINAL ELEMENT ON A REGULAR BASIS.

PRIOR TO THIS, NIGERIAN CRIMINALS HAD COME TO THE ATTENTION OF THE SECRET SERVICE DUE TO THEIR INVOLVEMENT IN THE COUNTERFEITING OF U. S. CURRENCY, MOST OF WHICH THEY CLAIMED WAS PURCHASED ON THE BLACK MARKET IN NIGERIA.

NIGERIAN ORGANIZED CRIMINALS ARE HEAVILY INVOLVED IN THE MANUFACTURE AND USE OF FALSE IDENTIFICATION. THROUGH THE USE OF FALSE IDENTIFICATION MANY ARE ENTERING THE UNITED STATES ILLEGALLY AND HAVE PROVEN ADEPT AT DEVELOPING COMPLEX SCHEMES TO DEFRAUD SYSTEMATICALLY FINANCIAL INSTITUTIONS.

OUR INVESTIGATIONS HAVE SHOWN THAT NIGERIAN CRIMINALS ARE GAINING UNAUTHORIZED ACCESS INTO CREDIT BUREAU REPORTS, SOCIAL

SECURITY FILES AND OTHER SOURCES OF PERSONAL AND FINANCIAL INFORMATION OF UNSUSPECTING VICTIMS.

USING THIS INFORMATION, NIGERIAN CRIMINALS APPLY FOR ADDITIONAL LINES OF CREDIT OR TAKE OVER EXISTING ACCOUNTS.

THE RESULTANT FRAUDULENT ACTIVITY ULTIMATELY IS REPORTED AS DEROGATORY INFORMATION ON THE CREDIT REPORT OF THE UNWITTING VICTIM.

IN 1986, THE SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS DETERMINED THAT A FORMIDABLE CRIMINAL NETWORK WAS FORMING WITHIN THE LARGE COMMUNITY OF NIGERIAN NATIONALS LIVING IN THE UNITED STATES.

IN FISCAL YEAR 1992, THE CONGRESS OF THE UNITED STATES APPROPRIATED FUNDS TO THE SECRET SERVICE WHICH WERE EAR MARKED FOR A NIGERIAN TASK FORCE INITIATIVE.

THE SECRET SERVICE HAS TAKEN A PROACTIVE APPROACH TO THE NIGERIAN ORGANIZED CRIME PROBLEM BY ESTABLISHING AND MAINTAINING TASK

FORCES THROUGHOUT THE UNITED STATES WHOSE MAIN FOCUS IS THE INVESTIGATION OF FINANCIAL FRAUDS COMMITTED BY NIGERIAN NATIONALS AND THEIR ACCOMPLICES.

THESE SECRET SERVICE LED TASK FORCES ARE LOCATED IN ATLANTA, BALTIMORE, BOSTON, CHARLOTTE, CHICAGO, DALLAS, GREENSBORO, N.C., HOUSTON, LOS ANGELES, MIAMI, NEWARK, NEW YORK, AND WASHINGTON, D.C.

MEMBERSHIP IN THESE TASK FORCES INCLUDE REPRESENTATIVES FROM THE U.S. CUSTOMS SERVICE, U.S. IMMIGRATION AND NATURALIZATION SERVICE, U.S. POSTAL INSPECTION SERVICE, U.S. DRUG ENFORCEMENT AGENCY, INTERNAL REVENUE SERVICE, BANK INVESTIGATORS FROM THE PRIVATE SECTOR, AS WELL AS NUMEROUS LOCAL, COUNTY AND STATE POLICE AGENCIES.

THIS DIVERSE MEMBERSHIP IS INDICATIVE OF THE MULTITUDE OF FRAUDULENT ACTIVITIES BEING PERPETRATED BY NIGERIAN ORGANIZED CRIMINALS.

THESE FRAUDULENT ACTIVITIES INCLUDE CREDIT CARD FRAUD, BANK FRAUD, CHECK KITING, VARIOUS TYPES OF INSURANCE FRAUD,

ENTITLEMENT FRAUD, FALSE IDENTIFICATION, PASSPORT AND VISA FRAUD, MARRIAGE FRAUD TO OBTAIN U.S. CITIZENSHIP, VEHICLE THEFTS, THEFT OF SERVICES, COUNTERFEITING OF U.S. CURRENCY, AND COUNTERFEITING OF CORPORATE CHECKS AND OTHER OBLIGATIONS.

IN ADDITION TO THEIR INVOLVEMENT IN FINANCIAL INSTITUTION FRAUD, NIGERIAN ORGANIZED CRIMINALS ARE RECOGNIZED AS ONE OF THE TOP IMPORTERS OF HEROIN INTO THE UNITED STATES.

EVIDENCE INDICATES THAT PORTIONS OF THE PROCEEDS OF FINANCIAL FRAUD ARE USED TO SUPPORT THE TRAFFICKING OF NARCOTICS AND OTHER CRIMINAL ENTERPRISES.

DURING FISCAL YEAR 1996, TO DATE, THE SECRET SERVICE ARRESTED 545 NIGERIAN CRIMINALS INVOLVING OVER 400 INVESTIGATIVE CASES WITH ASSOCIATED FINANCIAL LOSSES APPROACHING 60 MILLION DOLLARS.

IN ADDITION TO THESE ARRESTS, THE SECRET SERVICE HAS FURNISHED INTELLIGENCE AND INVESTIGATIVE LEADS TO OTHER STATE AND FEDERAL AGENCIES WHICH HAS RESULTED IN NUMEROUS ARRESTS AND SEIZURES.

IT IS CLEAR THAT NIGERIAN ORGANIZED CRIME MUST BE WORKED AS A WHOLE AND NOT AS INDIVIDUAL PIECES. IT IS IN THE BEST INTEREST OF LAW ENFORCEMENT TO COMBINE OUR RESOURCES, WHICH IS THE PREDOMINANT REASON WHY THE SECRET SERVICE IS SUCH A STRONG PROPONENT OF THE TASK FORCE PHILOSOPHY. .

NIGERIAN CRIMINAL CELLS HAVE BECOME EXPERTS IN THEIR MANY FIELDS OF ENDEAVOR. IN SHORT, THEY DO THEIR HOMEWORK ON FINANCIAL SYSTEMS AND IDENTIFY WEAKNESSES THAT ALLOW THEM FRAUDULENT ACCESS TO ENORMOUS SUMS OF MONEY. THESE ATTACKS ON OUR NATION'S FINANCIAL SYSTEMS ARE OFTEN A RESULT OF CAREFUL PLANNING, PRECISE EXECUTION OF THE SCHEME, AND ULTIMATELY TAKE ADVANTAGE OF FINANCIAL SYSTEMS DESIGNED TO BE CONSUMER OR CUSTOMER FRIENDLY.

SINCE 1990, NIGERIAN "ADVANCE FEE FRAUD", KNOWN INTERNATIONALLY AS 4-1-9 AFTER A SECTION OF THE NIGERIAN CRIMINAL CODE, HAS EMERGED AS ONE OF THE MOST LUCRATIVE FRAUDULENT ACTIVITIES PERPETRATED BY ORGANIZED CRIMINAL ELEMENTS WITHIN THE NIGERIAN COMMUNITY.

WORLDWIDE FINANCIAL LOSSES ASSOCIATED WITH ADVANCE FEE FRAUDS ARE CONSERVATIVELY ESTIMATED IN THE HUNDREDS OF MILLIONS OF

DOLLARS ANNUALLY, WITH VICTIMS IN THE U.S. ACCOUNTING FOR A SIGNIFICANT PERCENTAGE OF THE TOTAL.

THE MOST COMMON FORMS OF THESE FRAUDULENT BUSINESS PROPOSALS FALL INTO SEVEN MAIN CATEGORIES:

- TRANSFER OF FUNDS FROM OVER-INVOICED CONTRACTS
- BENEFACTOR OF A WILL
- CONTRACT FRAUD (C.O.D. OF GOODS OR SERVICES)
- PURCHASE OF REAL ESTATE
- CURRENCY CONVERSION SCAMS
- SALE OF CRUDE OIL AT BELOW MARKET PRICES
- EXTORTION

THE MOST PREVALENT FORM OF NIGERIAN ADVANCE FEE FRAUD IS THE OVER-INVOICED CONTRACT SCHEME. A COMPANY OR INDIVIDUAL WILL TYPICALLY RECEIVE AN UNSOLICITED LETTER BY MAIL FROM AN INDIVIDUAL CLAIMING TO BE A SENIOR CIVIL SERVANT IN ONE OF THE NIGERIAN MINISTRIES, USUALLY THE NIGERIAN NATIONAL PETROLEUM CORPORATION.

THE LETTER INFORMS THE RECIPIENT THAT THE GOVERNMENT OFFICIAL IS SEEKING THE ASSISTANCE OF A REPUTABLE FOREIGN COMPANY INTO WHOSE BANK ACCOUNT HE CAN DEPOSIT FUNDS RANGING FROM 35-60 MILLION U.S. DOLLARS. THESE FUNDS ARE ALLEGED TO BE THE RESULTS OF OVER-INVOICED GOVERNMENT CONTRACTS.

THE INTENDED VICTIM IS INSTRUCTED TO PROVIDE HIS NIGERIAN PARTNER WITH COMPANY LETTERHEAD, BUSINESS INVOICING, BANK ACCOUNT INFORMATION, AND TELEPHONE AND FACSIMILE NUMBERS.

THE TARGET IS ADVISED THAT THE COMPLETED CONTRACTS WILL THEN BE SUBMITTED TO THE CENTRAL BANK OF NIGERIA FOR REMITTANCE. UPON APPROVAL, THE MONIES ARE THEN TO BE WIRED INTO THE BANK ACCOUNT PROVIDED BY THE FOREIGN PARTNER. THE FOREIGN PARTNER IS PROMISED UP TO 35% OF THE MONIES RECEIVED FOR HIS PARTICIPATION.

THE INITIAL CONTACT LETTER SETS THE STAGE AND IS THE OPENING ROUND OF A TWO-LAYERED SCHEME. THE FRAUDSTER WILL EVENTUALLY REACH SOMEONE WHO, WHILE SKEPTICAL, DESPERATELY WANTS THE DEAL TO BE GENUINE.

VICTIMS ARE OFTEN CONVINCED OF THE AUTHENTICITY OF ADVANCE FEE SCHEMES BY THE FORGED OR FALSE DOCUMENTS BEARING APPARENTLY OFFICIAL NIGERIAN GOVERNMENT LETTERHEAD AND SEALS, AS WELL AS FALSE LETTERS OF CREDIT, PAYMENT SCHEDULES AND BANK DRAFTS.

ONCE THE TRAP HAS BEEN SET AN ALLEGED PROBLEM CONCERNING THE DEAL WILL SUDDENLY ARISE. AN UNFORESEEN TAX OR FEE PAYABLE TO THE GOVERNMENT OF NIGERIA WILL HAVE TO BE PAID BEFORE THE MONEY CAN BE TRANSFERRED. THESE CAN INCLUDE LICENSING OR INCORPORATION FEES, OR VARIOUS FORMS OF TAXES AND ATTORNEY FEES. NORMALLY EACH FEE PAID IS DESCRIBED AS THE VERY LAST FEE REQUIRED. INVARIABLY, ERRORS AND OVERSIGHTS ARE DISCOVERED BY THE NIGERIANS, NECESSITATING ADDITIONAL PAYMENTS AND ALLOWING THE SCHEME TO BE STRETCHED OUT OVER MANY MONTHS.

THE FOREIGN PARTNER WILL THEN BE PROVIDED WITH A BANK ACCOUNT INTO WHICH THESE FEES SHOULD BE TRANSFERRED.

RECOGNIZING THE EXTENT OF THE PROBLEM, THE U.S. SECRET SERVICE INITIATED A PROJECT KNOWN AS "OPERATION 4-1-9" DESIGNED TO COMBAT ADVANCE FEE FRAUD ON AN INTERNATIONAL BASIS.

IT SHOULD BE NOTED THAT THESE ADVANCE FEE SCHEMES EMANATE SOLELY FROM WITHIN NIGERIA, THOUGH OUR INVESTIGATIONS INDICATE THAT NIGERIANS AND NON-NIGERIANS BASED IN THE UNITED STATES, GREAT BRITAIN, AND OTHER COUNTRIES, ARE ACTING IN COMPLICITY TO FURTHER THESE SCHEMES.

THIS TYPE OF FRAUD HAS BECOME SO WIDESPREAD THROUGHOUT THE UNITED STATES AND INTERNATIONALLY THAT THE SECRET SERVICE INSTITUTED A PROGRAM THAT TRACKS THESE SCHEMES AND THEIR VICTIMS.

THE SECRET SERVICE CONTINUES TO RECEIVE APPROXIMATELY 100 TELEPHONE CALLS AND 300-500 PIECES OF RELATED CORRESPONDENCE FROM VICTIMS AND INTENDED VICTIMS EACH DAY. IN THE PAST 14 MONTHS, WE HAVE INTERVIEWED OVER 20,000 OF THESE INDIVIDUALS AND HAVE SUCCESSFULLY INTERDICTED SOME 2,000 FROM FURTHER VICTIMIZATION.

OUR FINANCIAL CRIMES DIVISION HAS DEVELOPED THE WORLD'S LARGEST DATABASE CONTAINING INFORMATION OBTAINED FROM OVER 25,000 NIGERIAN SCAM LETTERS. A LINK ANALYSIS OF THIS DATA REVEALED THE SUSPECTED LOCATIONS OF THE TOP ADVANCE FEE FRAUDSTERS IN LAGOS, NIGERIA.

OVER THE PREVIOUS YEAR, SECRET SERVICE AGENTS HAVE BEEN PERIODICALLY ASSIGNED ON A TEMPORARY BASIS TO THE AMERICAN EMBASSY IN LAGOS. DURING THIS TIME THEY HAVE WORKED CLOSELY WITH THE DEPARTMENT OF STATE OFFICE OF DIPLOMATIC SECURITY AND DEPARTMENT OF COMMERCE COMMERCIAL ATTACHÉ ATTACHED TO THE EMBASSY.

AGENTS HAVE ESTABLISHED A WORKING RELATIONSHIP WITH THE FEDERAL INVESTIGATION AND INTELLIGENCE BUREAU (FIIB) SPECIAL FRAUDS UNIT OF THE NIGERIAN NATIONAL POLICE.

WE HAVE PROVIDED INFORMATION IN THE FORM OF INVESTIGATIVE LEADS TO THE FIIB. UTILIZING THIS INFORMATION, OFFICERS OF THE FIIB, ACCOMPANIED BY SECRET SERVICE AGENTS IN AN OBSERVER CAPACITY, HAVE EXECUTED A NUMBER OF SEARCH WARRANTS ON THE LOCATIONS OF SOME OF THE WORST PERPETRATORS IN LAGOS.

THESE SEARCH WARRANTS RESULTED IN THE ARRESTS OF A NUMBER OF NIGERIAN NATIONALS. EVIDENCE SEIZED HAS INCLUDED TELEPHONES AND FACSIMILE MACHINES, FORGED GOVERNMENT AND CENTRAL BANK OF NIGERIA LETTERHEAD, INTERNATIONAL BUSINESS DIRECTORIES, SCAM

LETTERS AND ENVELOPES, AS WELL AS FILES CONTAINING CORRESPONDENCE FROM VICTIMS THROUGHOUT THE WORLD.

SECRET SERVICE AGENTS HAVE HELD MEETINGS WITH THE BANK EXAMINATION UNIT OF THE CENTRAL BANK OF NIGERIA (CBN). THE BANK EXAMINATION UNIT HAS THE RESPONSIBILITY TO REGULATE THE OPERATIONS OF BANKS AND BUREAUS DE CHANGE WITHIN NIGERIA.

INVESTIGATIONS INDICATE THAT SOME OF THESE INSTITUTIONS ARE INVOLVED IN THE LAUNDERING OF PROCEEDS DERIVED FROM ADVANCE FEE FRAUDS AND THE TRAFFICKING OF NARCOTICS.

THE SECRET SERVICE HAS ADOPTED A THREE- PRONGED APPROACH OF INVESTIGATION, INTERDICTION, AND PUBLIC EDUCATION TO COMBAT THIS PROBLEM. IT IS ANTICIPATED THAT PUBLIC EDUCATION WILL HAVE A SIGNIFICANT IMPACT ON REDUCING THE FRAUD LOSSES ASSOCIATED WITH THESE SCHEMES.

IT IS NOT UNCOMMON TO RECEIVE FRANTIC TELEPHONE CALLS FROM FAMILY MEMBERS OR ATTORNEYS OF CLIENTS WHO ARE INSISTENT ON TRAVELLING TO NIGERIA IN FURTHERANCE OF THESE SCAMS. OUR AGENTS

HAVE LOCATED VICTIMS IN FOREIGN VENUES AND HAVE ASSISTED IN THEIR REMOVAL FROM A POTENTIALLY DANGEROUS ENVIRONMENT AND FACILITATED THEIR SAFE RETURN TO THE UNITED STATES.

THE SECRET SERVICE HAS ISSUED A PUBLIC AWARENESS ADVISORY DESIGNED TO INFORM AND EDUCATE U.S. CITIZENS TO THESE SCHEMES.

IN A COOPERATIVE EFFORT WITH MEMBERS OF THE PUBLIC AND PRIVATE SECTOR, COPIES OF THIS ADVISORY HAVE BEEN REPRODUCED AND INCLUDED IN PUBLICATIONS WHICH REACH THE GROUPS THAT APPEAR MOST VULNERABLE TO THESE SCHEMES, TO INCLUDE THE ELDERLY.

THE AMERICAN EMBASSY IN LAGOS HAS REPORTED A DRAMATIC DROP IN THE NUMBERS OF U.S. VICTIMS THAT COME TO THEIR ATTENTION ON A MONTHLY BASIS. WE BELIEVE THAT THIS CAN BE DIRECTLY ATTRIBUTED TO THE PUBLIC AWARENESS CAMPAIGN INITIATED BY THIS SERVICE.

WE CONTINUE TO WORK CLOSELY WITH THE U.S. DEPARTMENT OF STATE, THE DEPARTMENT OF JUSTICE, THE DEPARTMENT OF COMMERCE, THE AMERICAN EMBASSY IN NIGERIA, INTERPOL, SCOTLAND YARD, SWISS, GERMAN, CANADIAN AND FRENCH LAW ENFORCEMENT OFFICIALS, TO

NAME JUST A FEW, IN AN ATTEMPT TO MINIMIZE THE LOSSES ASSOCIATED WITH THESE SCHEMES.

THIS CONCLUDES MY REMARKS, MR. CHAIRMAN, BUT I WOULD WELCOME ANY QUESTIONS THAT YOU OR THE OTHER MEMBERS MIGHT HAVE.

STATEMENT OF JONATHAN WINER
DEPUTY ASSISTANT SECRETARY OF STATE
FOR INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS
Before the
SUBCOMMITTEE ON AFRICA
HOUSE INTERNATIONAL RELATIONS COMMITTEE

September 11, 1996

Rep. Ileana Ros-Lehtinen and Members of the Committee:

Thank you for this opportunity to discuss with other Administration colleagues the problem of Nigerian crime, its negative impact on ordinary Americans and our domestic and foreign policy initiatives to combat it. Our ability to limit the damage here at home caused by the growing problem of transnational crime has of necessity become one of our main national security concerns. Today, unfortunately, it colors virtually every element of our international agenda, both bilaterally and multilaterally. Before turning specifically to Nigeria, I would like to mention several important developments in the Department of State role in fighting international crime.

President Clinton has made the fight against transnational crime among our highest priorities in the national security sphere. In launching his umbrella strategy against international crime at the U.N.'s 50th anniversary celebration, the President stressed that "nowhere is cooperation more vital than in fighting the increasingly interconnected groups that traffic in terror, organized crime and drug smuggling." The President's determination that the U.S. make an aggressive attack on this problem has been reflected at the Department of State. More than two years ago, Secretary Christopher expanded my Bureau's responsibilities and asked it to develop national and international strategies for combatting transnational crime and to provide ongoing support to U.S. and international law enforcement.

Our goal at the Department of State under Secretary Christopher is to have every Bureau remember that it also has an America's desk, in addition to the desks maintained to cover foreign countries. The Global Affairs component of State headed by Under Secretary Wirth is especially focused on its role as America's desk. At my Bureau, given our responsibility for policy and programs to fight narcotics and crime -- drugs and thugs -- we are constantly thinking of our mission as protecting American citizens and American businesses from the threats posed by transnational narcotics trafficking and crime.

Among State's responses to this "America's Desk" orientation is our agreement to expand U.S. law enforcement presence overseas, adopting a team approach that places this presence at U.S. Embassies, overseen by our Ambassadors, to insure that law enforcement issues are given a high priority both by our foreign missions and by foreign governments.

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In my Bureau, we are developing global and regional strategies for attacking an increasing number of crime problems, including alien smuggling, stolen cars, money laundering, drug trafficking, corruption, and the trafficking in various forms of contraband. In fact, the crime problems which originate in Nigeria and the strategies we are developing to combat them are illustrative of these wider efforts.

Indeed, State is leading an interagency working group focused on Nigerian crime, involving all interested U.S. law enforcement agencies, the intelligence community, the Departments of Justice, Treasury, and Commerce. The most recent meeting of this group at the senior level was this week. The goal of the working group is nothing less than the development and implementation of a comprehensive global plan of action to combat Nigerian crime, involving every relevant component of State, Justice, Treasury, and the intelligence community, some 14 different agencies and bureaus in all.

The Nigerian Threat

Nigeria's size, population and influence in Africa -- and increasingly elsewhere in the world -- dictate well-defined foreign policy objectives which we are pursuing aggressively. Our law enforcement goals for Nigeria are set in the context of ongoing diplomatic efforts to promote a speedy transition to civilian, democratic rule and respect for human rights. With some 4 billion dollars of U.S. investment in Nigeria, we also have significant economic interests, principally in the petroleum sector. As with every large and influential nation, we also have with Nigeria the objective of enlisting and sustaining Nigeria's cooperation on a range of regional and international issues. We also recognize that, without a doubt, every interest we have in Nigeria, including law enforcement, is directly tied to the Nigerian government's treatment of its own citizenry according to international standards. Each violation of human rights in Nigeria undermines the rule of law and Nigerian efforts to reintegrate the country into the international mainstream.

Our law enforcement agencies attest that Nigerian criminal enterprises are organized and active in at least 60 countries around the world. They are adaptable, polycrime organizations. They launder money in Hong Kong, buy cocaine in the Andes, run prostitution and gambling rings in Spain and Italy, and corrupt legitimate business in Great Britain with their financial crimes. Nigerian drug trafficking rings are notorious. The presence today of hundreds of convicted Nigerian traffickers in Indian, Pakistani, Thai, Turkish and other international prisons is indicative of the international reach of the Nigerian crime rings. Nigerian trafficking organizations have continued to evolve. Where once they limited themselves top to bottom to members of ethnic-based clans, they have come to recognize that international law

enforcement targets Nigerian nationals. Accordingly, Nigerian trafficking organizations today favor surrogate couriers, especially young women. In the area of white collar crime, the U.S. Secret Service conservatively estimates that Nigerian advance free fraud letter scams cost Americans \$250 million a year.

I'd like to provide you with just a few examples of the Nigerian crime problem.

The U.S. Embassy in Lagos reports that it is "inundated" with Nigerian fraud cases, receiving requests for help from U.S. Embassies dealing with Americans defrauded by Nigerians all over the world. Last year, the Embassy rescued several American citizens lured to Lagos in scams, taken hostage, and held for ransom.

Nigeria's neighbors have even worse problems, as Nigerian criminals literally fan out throughout Africa. Late last year, a businessman from Niger, a close neighbor of Nigeria, was led by Nigerian scammers who lured him to his death. South African officials have advised the U.S. of their deep concern over Nigerian criminal penetration of the entire South African region, including heroin and cocaine trafficking, frauds, car theft, alien smuggling, document fraud, and gang activities. Senior officials in another African country recently reported that Nigerian scam artists have been approaching their nationals with a long, rectangular box said to contain new United States one hundred dollar bills. The scammers say the money has been taken from the U.S. mint or U.S. Treasury, but for security purposes is completely black, requiring a chemical solution to remove the black ink and reveal the note. The scammers show how this is done with one bill as a example, then state that they have no money to buy the chemical solution to wash the rest of the bills. They promise to split the cash in the box if they get a loan for the chemicals to wash the bills. Then, if they get the cash, the scammers, not the black ink, disappear.

Narcotics Certification

As committee members are aware, Nigeria's status as a major drug trafficking country has made the country subject to the narcotics certification process for a number of years. Unfortunately, there is little positive to report in this regard. Nigeria's performance -- its failure fulfill the obligations of the U.N. Convention or to cooperate with the U.S. -- has required the President to deny certification to Nigeria for three years in a row.

Among other failings, Nigeria did not properly fund its own national drug control strategy in 1995, was ineffective in addressing problems of corruption in the narcotics and other law enforcement units and made little progress in implementing

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a new anti-money laundering decree. We did note some progress with the narcotics police, which has continued to address corruption within its ranks. But taken as a whole, the record is disturbing given the threat which narcotics pose internally for Nigeria, not to mention to many other nations, in every region of the world. In the context of our U.S. law enforcement goals and specific objectives for Nigeria, we will make certain that the Nigerian government understands that the American government expects concrete and positive action.

The U.S. Response -- Targeting the Nigerian Crime Problem

Understanding that the Nigerian drug problem is a single element of a larger crime threat, the Administration is taking urgent steps to address the problem bilaterally and in concert with other affected countries. In the last month, the National Security Council has directed the Assistant Secretary of State for International Narcotics and Law Enforcement Affairs, Bob Gelbard, to develop a comprehensive global action plan to attack Nigerian crime in the foreign policy context in concert with domestic initiatives.

The plan is still receiving additional suggestions from a variety of U.S. agencies, but its basic objectives reflect long-held U.S. law enforcement goals in Nigeria. These include identifying those Nigerian organized crime activities that threaten U.S. national security, and those of its citizens; strengthening U.S. law enforcement capabilities and activities against Nigerian organized crime; fostering change in Nigerian political and legal institutions in order to decrease the threat posed by Nigerian organized crime and to the protect Americans who do business with or visit Nigeria; dismantling Nigerian-controlled drug trafficking and criminal networks around the world; increasing public awareness of the threat posed by Nigerian organized crime; and creating regional capabilities to combat Nigerian organized crime in affected areas of the world.

In addition to going after Nigerian heroin and cocaine trafficking, we are targeting Nigerian financial crimes like 419 frauds, insurance frauds, credit card frauds, and money laundering; Nigerian counterfeiting and false documents; trafficking in persons, including alien smuggling and prostitution, and contraband; and Nigerian corruption. Efforts against these crimes will require not only cooperation among many different parts of the U.S. Government, but with other governments, with the private sector, and ultimately, with the Nigerian government and peoples.

Apart from beefing up our own law enforcement activities and working with the government of Nigeria to foster increased Nigerian political will in this vital area, we will seek to facilitate bilateral and multilateral law enforcement efforts, upgrade Nigerian crime and extradition legislation and focus

increased attention on financial crimes. An important domestic initiative is to advance general public information programs to educate American citizens and U.S. companies so that they are able to recognize and avoid Nigerian scam operations. In fact, the State Department has had such a public affairs initiative under way for several years and has stepped up the effort since early this year. We hope to expand this program through other agencies, particularly the Department of Commerce.

An important component of the State Department's actions against Nigerian crime is to promote international efforts to combat it. One early success of this initiative was a joint demarche, initiated by State, complaining about 419 advance fee scams, presented by 39 countries jointly to the Nigerian government. The U.S. intends to continue to apply multilateral pressure on Nigeria to take concrete actions to combat financial crimes and to share intelligence with other countries against Nigerian criminal elements. We are also considering the terms under which we might offer specific training to Nigerian officials in techniques for combatting crime. We will only provide such training in the right climate and with appropriate assurances from the Government of Nigeria. Inter alia, we want to ensure that any training we provide does not compromise law enforcement efforts.

Ultimately, effective anti-crime programs require that Nigeria effectively police the criminal elements within its borders. If Nigerian law enforcement officers and judicial officials, do not choose to become partners with their counterparts in the U.S. and the rest of the world, Nigeria risks worsening its current problems, and further undermining its woeful international reputation.

The Road Ahead

The task of fighting Nigerian crime is daunting. The Nigerian government has -- whether intentionally or unintentionally -- fostered a climate receptive to criminal activities. Although there is no conclusive evidence, it is widely believed that corruption and criminal activity, especially global and regional financial fraud and narcotics trafficking, are fostered by some of the Nigerian elite, some of whom have links to ranking Nigerian government officials.

Sadly, we have seen little meaningful effort by the Nigerian government this year to enforce its anti-money laundering decree. We are concerned that protest by bankers may lead to unhelpful government modifications by the government of the decree. Furthermore, the Central Bank of Nigeria, whose offices have been used to commit fraud, and which is itself a victim of huge frauds, still does not have enough staff to implement the decree. Despite the urging of our diplomatic mission and those of other nations,

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Nigerian law enforcement is underpaid, sometimes entirely unpaid, overworked and hampered by corruption and inefficiency. For these and other reasons, Nigerian law enforcement has still not focussed adequately on major drug traffickers or important advance-fee fraud cases.

I am not here to engage in Nigeria bashing. Our relations are too important. We have seen some hopeful signs in the recent past. Nigeria has promulgated an advance fee fraud decree and inaugurated a new inter-ministerial task force on fraud and narcotics. Last July the Nigerian Federal Investigation and Intelligence Bureau (FNIIB) arrested approximately 41 Nigerians in connection with advance fee fraud and shut down several major locations in Lagos where these scams were taking place.

Such activities are helpful, but the government must continue to take concrete steps in a number of important areas to build on or implement fully the positive steps it has begun to take. Nigeria must deal with the roots and manifestations of the problem at home and work seriously with the U.S. and other nations to combat Nigerian criminal networks around the world. The highest law enforcement priorities for the government should include prosecuting and extraditing those involved and instituting an effective legal framework so that once shut down, these criminal enterprises stay out of business.

The Nigerian government must take responsibility for the welfare of its nation and its people through effective measures to combat the crime which permeates its society. From our own point of view, we have no choice but to adopt a proactive stance.

I thank the Committee and the Congress for its continued interest and support.



UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
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Testimony of

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U.S. Department of Commerce

Before the
House Committee on International Relations
Subcommittee on Africa

September 11, 1996



TESTIMONY OF SALLY MILLER
DIRECTOR - OFFICE OF AFRICA
INTERNATIONAL TRADE ADMINISTRATION
U.S. DEPARTMENT OF COMMERCE

Before the Subcommittee on Africa
Committee on International Relations
U.S. House of Representatives
September 11, 1996

On behalf of the Department of Commerce, I would like to thank the Chairperson and the members of the Subcommittee for this opportunity to testify on Nigerian White Collar Crime and to highlight the efforts Commerce is taking to prevent U.S. citizens from falling prey to Advance Fee Fraud (419 Fraud) - named after the relevant section of the Nigerian criminal code - as well as other business scams. We believe it is extremely important to work continuously to increase awareness about this issue.

Nigeria is a petroleum rich West African country of approximately 110 million people. It offers exporters and investors an extensive labor pool, abundant natural resources, and the largest domestic market in Sub-Saharan Africa. Nigeria is the United States' largest trading partner in this region (\$4.8 billion in imports, principally oil, and \$603 million in exports in 1995), and this West African country represents the second largest market for U.S. products in Sub-Saharan Africa. The level of U.S. exports to this market has directly paralleled Nigeria's availability of foreign exchange over the past several years, falling from a high of nearly \$1 billion, down to well under half that figure and this year recovering to a potential level of nearly \$700 million.

The reality remains that the majority of Nigerian businesses are legitimate. And there are opportunities in Nigeria for savvy firms which are already established in the market. Leading prospects for U.S. businesses include: oil and gas machinery, computers, software and peripherals, telecommunications equipment, automotive parts and accessories, construction equipment, dairy products, wheat, rice, and wine and spirits.

When pursuing these opportunities, however, in light of Nigeria's challenging business environment, erratic economic policies, the business scam problem, shortage of available foreign exchange, as well as the non-availability of U.S. Government export finance, U.S. new-to-market firms should enter the arena with caution. We in the Commerce Department are there to help.

While Nigeria does offer business persons potentially profitable business opportunities, a more than ordinary degree of caution should be exercised when unsolicited business presents itself. Fraudulent business proposals, fake letters of credit, and counterfeit checks have been arriving in the United States from Nigeria for at least ten years. Their frequency, variety, and ingenuity, moreover, have intensified over the last three or four years. Fraud letters are becoming more sophisticated, thereby making them all the more convincing. The latest scam proposals feature offers of large donations to charities, requests to purchase U.S. real estate, opportunities to settle unexpected inheritances, and forged tender documents for sizeable government contracts. The letters may use names of existent companies, ministries, or government contracts; utilize official-looking letterhead; and display an array of "government" seals, stamps, and signatures to convey a sense of validity to the offer. Initial contact letters may appear quite innocent in their content. Essentially, their purpose is to establish a rapport with the targeted American company or individual in order for a subsequent letter to appear more credible. When the fraudulent solicitation is eventually introduced, it may comprise more than a simple one-page business opportunity. The authors of these proposals have crafted an impressive array of follow-up letters, supporting documents, and contracts, in an effort to convince U.S. firms of the alleged importance and authenticity of the business propositions. This supporting documentation too frequently allays the skepticism which might normally meet such proposals.

U.S. Department of Commerce Role

In light of the present situation and the continuing prevalence of Nigerian efforts targeted against U.S. businesses, the Department of Commerce has assumed a proactive role in fighting these fraudulent business proposals. Commerce has been active on three fronts in this

effort: 1) aggressive information outreach; 2) on the ground support in Lagos; and 3) participation in interagency efforts. The U.S. Government continues to seek to engage the Nigerian Government in addressing this problem.

SIZE OF THE PROBLEM

In 1993, the Department of Commerce Nigeria Desk received approximately 2,500 inquiries about Nigeria-based scams. The vast majority of the inquirers to our office did not realize at the time that the deal they were looking into was an attempt to defraud them. In 1995, the number of inquiries had decreased to approximately 1,300; January through August 1996 figures reveal a further decline in the number of phone calls and letters received by the Office of Africa to about 500. The yearly figure for 1996 will likely be in the range of 800 inquiries. The Office of Africa currently receives approximately 2-3 phone calls and/or letters per day from the U.S. business community requesting assistance in determining whether a proposal from Nigeria is legitimate.

We are aware of at least two incidents, one in 1991 and a second in 1995, in which Americans who had unknowingly become involved in a fraudulent business deal traveled to Nigeria and were killed after refusing to put more money into the deal.

Trying to quantify the costs of the scams to American business is very difficult and imprecise. Estimates made by the U.S. Embassy in Lagos, based largely on the number of scams detected and on reports of business persons incurring losses, placed the yearly impact at considerably more than \$250 million.

INFORMATION OUTREACH

Commerce has assumed an active role in assisting U.S. firms through public education, by utilizing media such as business counseling and published articles. Callers to the Office frequently comment that they have read articles warning them about Nigerian business fraud schemes. Having read any of the numerous articles published on Nigerian fraud, business persons have commented that they are more inclined to call the Department of Commerce - Nigeria Desk to

determine the bona fides of an unsolicited business proposition. We feel that it is extremely important to continue publicity on this subject to prevent further losses.

Office of Africa has sent background information on scams to all state International Trade Offices, 150 major trade associations, all of the Commerce Department Export Assistance Centers, and numerous Congressional offices to aid them in counseling and warning their constituents.

Office of Africa's Nigeria Desk Officers have conducted several interviews with the press to further inform the public about the Nigerian fraud issue. A listing of those instances is attached. Occasions for public speaking opportunities and mass media presentations were seen as ideal ways to broaden public knowledge about this issue.

The most updated information disseminated by Commerce on this problem is the November 1995 *Business America* article entitled, "Doing Business in Nigeria: Distinguishing Between the Profitable and the Questionable." The published article outlines the latest proposals received by companies and provides potential "red flags" of which U.S. companies and individuals should be aware. The article also provides ways to help determine the legitimacy of a business proposal.

EFFORTS ON THE GROUND IN LAGOS

In 1992, the U.S. and Foreign Commercial Service in Lagos cooperated with the U.S. Embassy Consular Section in helping to extricate nearly 100 victims from potentially life-threatening situations in Nigeria, which initially began as business dealings. In May through August of this year, the Consular Section helped ten Americans return to the United States after their disillusionment with their travel to Lagos and fruitless efforts to collect money which they too late learned never existed.

In June 1994, the Foreign Commercial Service (FCS) at the U.S. Embassy in Lagos, Nigeria, created the Automated List Excluding

Reliable Traders (ALERT) database as a first line of defense in protecting American businesses. The most recent data from the ALERT database reveal that from April 1, 1996 to July 31, 1996, FCS entered 612 new entries, bringing total listings to 6,256 entries. ALERTS' purpose is to help distinguish unreliable from reliable contacts. It is an attempt to organize and automate extensive amounts of information (predominantly individual and company names with addresses and phone numbers) located in several files. The primary component of the records is the background information contained in files referenced and found when searching telephone numbers submitted for review. The database is intended to serve as a helpful tool for obtaining and crossreferencing information. The information is verified by retrieving the relevant file and/or visiting the sites where the documents presumably originated.

On-going Efforts at Identification

A U.S. company seeking background on a Nigerian company may request an *International Company Profile* (ICP) on a Nigerian company through any U.S. Department of Commerce Export Assistance Center. Businesses which phone 1-800-USA-TRADE are provided with the number of the EAC nearest them. The ICP reports offer extensive information on the organization in question. However, because numerous scams utilize the names of legitimate companies or Nigerian Government agencies, it is extremely crucial to verify both the transaction and the company. It is useful to contact the U.S. Department of Commerce Nigeria Desk Officer in helping to obtain this verification. U.S. firms should know that through prudent skepticism, American companies can avoid falling victim to individuals involved in fraudulent business activities, yet continue to take advantage of lucrative business opportunities with legitimate Nigerian companies.

INTERAGENCY EFFORTS

The Department of Commerce has worked with the Department of State to strengthen and expand the business scam portion of the State Department's Travel Advisory/Consular Information Sheet for Nigeria. In addition, a brochure entitled "Tips for Business Travelers to Nigeria"

was also produced in collaboration with the State Department. I have brought copies of each of these documents with me for the Committee.

Cooperation with the Government of Nigeria

The Interagency Working Group on Nigerian Crime (IWGNC), was formed in 1993 to "provide coordination, guidance, and specific action items which will invoke an increased level of cooperation from the Government of Nigeria (GON), increase interagency lines of communication, enhance exchange of intelligence, and ultimately decrease incidences of Nigerian participation in narcotics trafficking, money laundering and business/financial fraud."

The Department of Commerce is a member of this working group along with Customs, Treasury, Justice, and various units of State, among others. The group convenes monthly to discuss the latest developments and to determine the next sequence of steps in combating Nigerian White Collar Crime (specifically 419 Fraud). The Interagency Group has called upon Commerce to "expand existing public information programs which assist U.S. companies seeking business opportunities in Nigeria, help them to recognize scam operations, and provide general travel information precautions." Additionally, in conjunction with various units of State and other IWGNC participants, Commerce will "lead the U.S. efforts to present an accurate portrayal of Nigerian involvement in criminal activity and its impact upon the U.S., while also developing mechanisms whereby the U.S. business community can apply direct pressure to make its concerns and the commensurate economic consequences known to the Nigerian Government."

Meetings were held this summer between officials from the Central Bank of Nigeria and U.S. officials regarding ways in which both sides could cooperate to fight Nigerian financial crimes. Discussions focused on ways for the Central Bank, the Secret Service, and the U.S. Embassy in Lagos to collaborate in an effort to combat 419 Fraud and money laundering. Both Nigerian and American officials agreed to share information about Nigerian bank accounts involved in

questionable activities. More specifically, the Foreign Operations and Bank Security Departments agreed to investigate account numbers given to them by sources from the United States, and in return, potentially incriminating information collected by them would be shared with the appropriate U.S. officials.

Presently there is a request on behalf of the Nigerian Government for training of Central Bank of Nigeria investigators to help them fight money laundering. U.S. Government training would focus on the role of the law enforcement community in analyzing data from banks and building legal cases for asset forfeiture. The USG is looking at ways in which it can be responsive to this request for training without compromising security and detection methods utilized in the law enforcement community.

Conclusion

After the arrest earlier this year in Georgia of a Nigerian involved in international business fraud schemes, Kent Alexander, the United States Attorney for the Northern District of Georgia, stated that, "It's just rare for us to be able to prosecute these cases, and this will help people to know more about these schemes. I have no doubt that people are falling for them because we still have this flood of complaints. When it slows to a trickle, then I will believe that it has stopped."¹

Our dominant weapon, clearly, in preventing Americans from becoming victims of Nigerian scams is public education through business counseling and the press. Given the decline in the number of American business persons requiring repatriation, we are hopeful that this means that U.S. business people are becoming increasingly wiser. We think we can rightfully take some measure of comfort and credit that the U.S. Government's public awareness efforts have contributed in part to this decline in the number of U.S. businesses falling victim to the scams. The success we may have achieved in this area, however,

¹Ronald Smothers, "Nigerian Sentenced in First of Global Business Fraud Schemes," *The New York Times*, March 24, 1996, p. A34. We note that the article incorrectly stated that this case was the first of its kind in the United States.

may in fact mask a shift in the targets of the scam artists rather than a true decline in the problem, as my colleagues in the the Secret Service have seen no decrease in the level of scams being reported to them.

Mr. Chairman, our responsibility to the public continues due to the ongoing problem of scams. We firmly believe that stimulating public awareness about the issue is the best method possible to keep Americans from falling victim. We also believe that Nigeria offers a profitable market for experienced U.S. companies, and we actively encourage continued U.S. business relations with firms in Nigeria that are reputable and legitimate. Thank you.

Doing Business in Nigeria: Distinguishing Between the Profitable and the Questionable

The majority of business firms in Nigeria are legitimate and reputable. Nigeria is the United States' largest trading partner in Sub-Saharan Africa, and many U.S. companies have significant investments there. Major U.S. exports include oil field equipment, agricultural commodities, electronics, and automobiles. However, in Nigeria, as in some other countries, the illegal activities of a minority of individuals have begun to overshadow the legitimate operations of the majority. Fraudulent business solicitations by Nigerian companies and individuals have been flooding U.S. and other foreign companies for a number of years, and many individuals are still being taken in by offers that are literally 100 good to be true.

The key to success in the Nigerian market is identifying solid opportunities, establishing close personal ties and being patient. This article can help readers avoid falling prey to various scams. At the same time, U.S. businesses should be careful to avoid stereotyping the entire Nigerian business community because of highly publicized frauds. U.S. investors and traders still can find plentiful, serious opportunities for legitimate business arrangements in Nigeria.

The U.S. Department of Commerce receives daily inquiries from U.S. firms requesting assistance in determining whether business proposals they have received from Nigeria are legitimate or not. The information below will assist the U.S. business community in discerning which types of proposals are fraudulent and should be disregarded.

The commercial section at the U.S. Embassy in Lagos stands ready to assist U.S. businesses in finding reputable partners. Prospective exporters are urged to contact the nearest

Commerce Department District Office about agent/distributor, market research, and other services.

TYPES OF FRAUDULENT PROPOSALS

Money Transfer and Government Contract Schemes. The most prevalent occurrence of Nigerian fraud involves money transfer schemes. These schemes typically attempt to involve foreign firms or individuals in supposed efforts to defraud the Nigerian Government. Some also violate U.S. statutes. The swindlers propose to transfer a large amount, usually millions of U.S. dollars, to an overseas bank account owned by a foreign firm. The firm owning the account is told it will receive a percentage of the transferred funds as "commission." The funds are often described as overpayments from previous government contracts, or they may be more legitimately described as advance payment for a government contract that has just been awarded to the U.S. company. Such solicitations request information about the company's bank, as well as blank, signed company letterhead and proforma invoices.

The U.S. firm is sometimes solicited for a "transaction fee" to enable the supposed transfer of funds. The victim may be strung along for up to a year, paying various "fees" which add up to thousands of dollars, before realizing that the promised funds do not actually exist. Letterhead and bank information are also used to extract money from the bank account of the U.S. business.

Charity Scams. In a more recent variation of the money transfer scam, targeted charities, non-profit organizations, and religious groups receive letters from Nigerians who profess their devotion to the group's cause and their desire to make a sizeable donation.

Will Scams. Some individuals and churches have been led to believe that a long-lost relative, missionary, or classmate has died and left them a small fortune in his will. This, again, is another variation on the money transfer scam.

Real Estate Scams. Real estate agents have been singled out as targets for this third variation of the money transfer scam. The fraud perpetrator often poses as a retiring government official, and requests assistance in buying a retirement mansion or other property in the United States.

Fraudulent Orders for U.S. Products. One-quarter of reported fraudulent business solicitations from Nigeria involve large orders for the products of U.S. companies. Such proposals may request samples for which the writers never intend to pay, or ask the U.S. firm to forward registration or import licensing fees. These fees do not exist and are in reality nothing more than veiled attempts to acquire funds. Only if an American exporter sells to the Nigerian Government through an agent is there a registration fee requirement. When registration fees are legitimately connected to government contracts, they are clearly published by the ministries to which they are payable, and they do not exceed Naira 5,000 (approximately \$61.00).

Swindlers may stress the urgency of the transaction, and send a fraudulent bank draft as payment in hopes that the victim will ship the order before realizing the draft is invalid. American businesses should be cautious whenever overseas bank drafts are used as payment by Nigerian companies or individuals. While there is a possibility that a such a draft could be legitimate, it is far safer to request payment in the form of an irrevocable letter of credit.

The letter of credit should be confirmed by a reputable and known financial institution.

In another ruse several smaller orders are placed and paid for with legitimate overseas bank drafts in an effort to build a business relationship. The fraud target then receives an urgent letter alleging immediate need for a large amount of the U.S. company's product, in order to meet a short deadline for a lucrative government contract. The letter may be accompanied by a bank draft and request shipment within a short time period. Confident at this point of the validity of the bank draft, the U.S. company sends the requested shipment, only to discover later that this time the bank draft is fraudulent.

Crude Oil Scams. Another scheme is an offer of a contract to purchase Nigerian crude oil. The alleged contract details the availability of a "special allocation" by the Nigerian National Petroleum Corporation (NNPC) of crude at below market prices. The U.S. firm may be asked to pay a bogus registration/licensing fee with the NNPC or the Ministry of Petroleum Resources. In reality, "special allocations" do not exist. There are no intermediaries involved in the sale of Nigerian oil. The Crude Oil Marketing Division of NNPC is the only authorized seller of Nigerian crude oil. Businesses unfamiliar with the petroleum industry in Nigeria should avoid all proposals involving crude oil.

CRUDE DEVELOPMENTS

Corruption of Company Letterhead.

U.S. companies should be wary of sending company letterhead to anyone with whom they do not have an established relationship. When letterhead falls into the wrong hands, it can be altered and used in further attempts to defraud foreign companies. Such misrepresentations can easily ruin a hard-won company reputation.

Death Threat Scams. In isolated instances, letters threatening execution if a set amount of money is not transferred to a specified bank account by a certain date and time have been received. Although such letters are not common, the U.S. Government has protested them vigorously via diplomatic representations to the Nigerian government. To our knowledge, no such threats have been carried out.

Increased Sophistication of Fraud Letters.

New scam approaches emerge frequently. While some are blatant or transparent, others are subtle and complex, which may make them all the more convincing. For example, the swindlers may utilize names of existent companies, ministers, or government contracts, use official-looking letterhead, and display an impressive array of "government" seals, stamps, and signatures in order to lend a sense of legitimacy to the offer. Initial contact letters may seem very innocent in their content. They serve to establish a rapport with the American company so that a subsequent scam letter will appear more credible.

When the fraudulent solicitation is finally introduced, it may consist of more than a simple one-page business opportunity. Swindlers have developed an impressive array of follow-up letters, supporting documents, and contracts, in an attempt to convince U.S. firms of the alleged importance and authenticity of the business propositions. This supporting documentation mitigates the skepticism which might normally meet such proposals.

RED FLAGS

Fraudulent propositions may include any one or combinations of the following characteristics:

- Requests for blank letterhead and proforma invoices, stamped and signed, as well as bank account information from the U.S. firm for the alleged purpose of transferring funds

from a Nigerian account;

- Supposed urgent need for products or samples to be shipped immediately, before payment can be secured or verified, or with promise of later payment;

- Requests to ship goods by air freight from stock immediately upon receipt of a "certified bank draft";

- Requests for payment by a U.S. citizen of an alleged Nigerian tax, registration or legal fee, or service charge to finalize a transaction;

- Efforts to acquire a U.S. visa under the pretext of visiting the United States for legitimate business purposes by requesting letters of invitation;

- Promises to the U.S. firm of contracts to supply goods or services to the Nigerian Government, often through the "Federal Tenders Board," which does not exist;

- Requests that correspondence and shipment be sent via air/express courier services, although the solicitation letter came by regular mail;

- Requirement that a U.S. company representative travel to Nigeria to sign contract and money transfer documents, or alternatively, that the U.S. company provide power of attorney to a lawyer to sign said papers. The latter involves hefty (and phony) legal fees;

- Vague or implausible explanation of how the sender obtained the company's name as a contact.

TRAVEL TO NIGERIA

Fraud perpetrators often attempt to persuade prospective victims to travel to Nigeria (or sometimes to Benin, Togo, Cameroon, and London) to conclude a contract, money transfer, or other transaction. Although traveling to Nigeria is essential in order to establish an investment, a continuing business relationship, or to perform a major pro-

ject or service, it is rarely necessary for a one-time sales transaction and, as in all global business, should never be undertaken without a thorough check of credentials and references of the potential partner.

In some cases, the target may be told that because of the special nature of the business, e.g., a government contract, no visa is required or a visa has been prearranged to be issued on arrival. **In fact, Nigerian law requires a valid visa both for entry and departure, without exception. Visas are not available upon arrival, nor can they be procured on behalf of the traveler by Nigerian business partners in Nigeria. Valid visas can only be secured by the traveler in advance through a Nigerian diplomatic mission.**

Entry without a visa has been used by swindlers as leverage against their victims. Business travelers have been subjected to other forms of extortion as well, including physical harm. Since 1991, there have been known murders of two Americans who were each involved in a fraudulent business transaction. **No travel to Nigeria should be undertaken without first verifying the bona fides of business partners and securing a valid entry visa.**

Recovery of Losses: Once a targeted firm forwards money and/or products to Nigeria, it is difficult if not impossible to reclaim losses. The individuals involved shift the location of their operations, change P.O. boxes, and choose new company and individual names to continue their fraudulent activities. Although Nigerian authorities have arrested some fraud perpetrators, we do not know of a single prosecution.

U.S. Efforts to Halt Fraud: Scam organizers compile mailing lists from trade journals, business directories, magazine and newspaper advertisements, trade shows, and chance encounters. The initial contact letter

typically begins with a vague or implausible explanation of how the sender obtained the company's name as a contact. The Department of Commerce has suspended distribution of *Commercial News USA* in Nigeria to withhold potential contact information on American firms from the swindlers.

Fraud letters sent by U.S. companies to the Department of Commerce are forwarded to the U.S. Secret Service Financial Crimes Division, which in turn compiles the information and disseminates it to the appropriate U.S. and international authorities for further investigation and preemptive action. The U.S. Embassy works closely with other foreign embassies to identify patterns in the scam operations and warn their citizens.

Impact on Nigeria: Fraudulent business activity tarnishes Nigeria's commercial reputation and hinders its ability to develop further legitimate commercial links with trading partners. Nigeria's large number of reputable firms have encountered increasing reluctance on the part of foreign businesses to conduct business with them, due to the activities of a relatively few dishonest individuals. The Nigerian Government has issued advisories in U.S. and other foreign newspapers in an attempt to combat illicit schemes and fraudulent misrepresentations of its ministries and parastatals that damage the country's image.

Determining the legitimacy of business proposals and partners: If a proposal still seems legitimate, after having been carefully checked against all the red flags mentioned in this article, the U.S. company is strongly urged to run a check on the bona fides of the foreign company **before** sending out any letterhead, invoices, bank account information, or product samples. This can be done by requesting a *World Traders Data Report (WTDR)* through a U.S. Department of Commerce District Office. These reports, which

are prepared by the commercial staff at the U.S. Embassy in Nigeria, provide the following types of information: type of organization, year established, principal owners, size, product lines handled, and financial and trade references. Due to the specificity and detailed nature of the service, the WTDR takes 4-6 weeks and costs \$100. Companies should keep in mind, however, that many scams use the names of legitimate companies or Nigerian Government agencies in fraudulent proposals. Therefore, it is important to verify *both* the transaction and the company.

Through prudent skepticism, American companies can avoid falling victim to individuals involved in fraudulent business activities, yet continue to take advantage of lucrative business opportunities with legitimate Nigerian companies.

To report receipt of a fraudulent business proposal: U.S. Secret Service, Financial Crimes Division, 1800 G Street, NW, Room 942, Washington, D.C. 20223; fax (202) 435-5031.

For help in determining the legitimacy of a business proposal: Nigeria Desk Officer, Office of Africa, Room 2037, U.S. Department of Commerce, Washington, D.C. 20230, fax (202) 482-5198.

To obtain marketing information on Nigeria and other countries: All reports on the National Trade Data Bank can be accessed by CD-ROM disks in libraries or by subscribing for Internet access. For more information, call 1-800-STAT-USA.

For information on travel conditions in Nigeria and other countries: State Department Citizens Emergency Center
Recorded information: tel. (202) 647-5225
Faxback system: fax (202) 647-3000

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- * Apr 02, 1994, Austin American Statesman, Nigerian Scam Exports to the U.S. on the Rise"
- * Feb 27, 1994, The Washington Post, "Charlie's Hustle"
- * Oct 15, 1993, Time Magazine, "Warnings About Nigeria", (USDOC Letter to the Editor in response to Sept 5 article on Nigeria)
- * Oct 03, 1993, Wichita Eagle Beacon, exact title unknown
- * Oct 03, 1993, Miami Herald, exact title unknown
- * Sep 27, 1993, Detroit Free Press, "Businesspeople are taken in by Nigerian Scams"
- * Sep 26, 1993, The Charlotte Observer, "Scams a still-hot Nigerian export"
- * Jul 15, 1993, The Oregonian, "It may be your lucky day, most esteemed sir"
- * July 1993, State Department Publication, "Tips for Business Travelers to Nigeria"
- * Jun 09, 1993, The Bismarck Times, "Nigerian scam fails to fool Mandan firm"

- Feb 28, 1993, The Sunday Record (NJ), "It's a Jungle out there; Grim Tales"
- * Jan 25, 1993, Business America, "Fraudulent Business Proposals from Nigeria Persist"
- * January 1993, Water Well Journal, "Nigeria Calling: Be Wary of Doing Business with this African Nation"
- Jul 17, 1992, Washington Post, "Nigerian Stings Bug Foreigners; Phony Business Schemes Sucker Victims Worldwide"
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- * Jun 11, 1992, Los Angeles Daily Journal, exact title unknown
- May 21, 1992, The New York Times, "Nigerian Scam Lures Companies"
- Apr 05, 1992, The New York Times, "A Nigerian Racket Lures Foreigners"
- * Feb , 1992, Philadelphia Enquirer, "Businessman survives a horror in Nigeria"
- * Jan 13, 1992, Business America, "Fraudulent Business Activity is Growing in Nigeria, and Efforts Are Often Made to Involve Foreign Firms"

* Denotes articles which refer to Department of Commerce services or to which the Department of Commerce contributed.

of crude oil to sell you — cheap. Sometimes, the operator claims to be working on behalf of the Nigerian National Petroleum Corporation. Then come demands for various fees to supply you with the crude, of course, you never get your cargo. The Crude Oil Marketing Division of the NNPC is the only authorized seller of the Corporation's crude. Businessmen lacking experience with Nigeria's petroleum industry should approach with great caution any proposal involving crude oil sales.

Business Opportunity: The operator convinces you to explore a business opportunity by visiting Nigeria. Once you return home, you are contacted by the operator, trying to keep you from contacting friends, family, or the U.S. Embassy. By various means, sometimes including violence or threats of violence, the operator extracts money from you. This type of scam becomes particularly dangerous for a victim who has entered Nigeria without a valid Nigerian visa, issued by a Nigerian Embassy or Consulate. **All travelers must have a visa prior to arrival in Nigeria and must pass through immigration formalities upon entry.** Into the country, letters are addressed to immigration officials based on validity, telling you otherwise is either misinformed or a scam artist.

"How Can I Check Out a Business Proposal?"

If you are in the U.S., contact the Nigeria Desk Officer at International Trade Administration, Room 3317, Department of Commerce, Washington, DC 20230 (tel. 202 482 4388, fax: 202 482 5198).

If you are in Nigeria or elsewhere abroad, contact the Consular Section (FCS) of the U.S. Embassy in Lagos, 2 Eleke Crescent, Victoria Island, Lagos (tel. 1 261-0007 or 1 261-0050, fax: 1 261-9856) (the country code for Nigeria for direct dialing is 234).

"What If I Think I am Already Involved in a Scam?"

If you are in the U.S., contact the Nigeria Desk Officer at the Department of Commerce (see address above). You may also wish to contact the local police, as well, if threats have been made against you.

If you are in Nigeria, contact the Consular Section of the U.S. Embassy in Lagos, 2 Eleke Crescent, Victoria Island, Lagos (tel. 1 261-0007 or 1 261-0050, fax: 1 261-9856, 261 2218). Marine Guards are present at the Embassy 24 hours per day and can alert a duty officer if you telephone or visit outside of normal working hours.

"What Can the U.S. Embassy Do?"

The U.S. Embassy will try to help you leave Nigeria

unharmful, perhaps including regularization of immigration status, replacement of your passport, communication with relatives in the U.S., and if necessary, provision of an emergency repatriation loan. To date, however, the U.S. Embassy has never been able to recover a scam victim's money.



General Travel Information

Note: Travelers leave a copy of their itinerary with someone in the U.S. Embassy in Lagos. Upon arrival in Nigeria, call the Citizens Emergency Center's travel information line (see below) Upon arrival in Nigeria, check in with the Consular Section of the U.S. Embassy in Lagos.

The State Department issues *Consular Information Sheets* and *Travel Warnings*. *Consular Information Sheets* are issued for every country in the world. They include such information as the location of the U.S. embassy or consulate in the subject country, health conditions, political disturbances, unusual currency and entry regulations, and crime and security information. *Travel Warnings* are issued when the State Department deems that U.S. citizens should avoid travel to a certain country. Countries where a *Travel Warning* has been issued by the State Department will have *Travel Warnings* as well as *Consular Information Sheets*.

Consular Information Sheets and *Travel Warnings* may be heard anytime by dialing the Citizens Emergency Center at 202 647-5225 from a touchtone phone. They are also available at the 13 regional U.S. passport agencies, field offices of the U.S. Department of Commerce, and at U.S. embassies and consulates abroad.

If you have a fax machine, you can also receive *Consular Information Sheets* and *Travel Warnings* anytime via the Consular Affairs' automated teletax computer system by dialing 202 647-3000. or, if you have a personal computer, modem and communications software, you can access them through the Consular Affairs' Bulletin Board (CABB) at 202 647-9225.

DEPARTMENT OF STATE PUBLICATION 10007
Bureau of Consular Affairs
July 1993



Protecting Yourself from Business Scams

A major development affecting business travelers to Nigeria is commercial fraud or scams. The Department of State has prepared this publication for you, the U.S. business traveler. It will help you to identify business scams, provide you with information about what the U.S. Government can or cannot do to assist you, and how you can protect yourself.

TIPS FOR BUSINESS TRAVELERS TO NIGERIA

Identifying Business Opportunities

Nigeria is an oil-rich West African nation of about 88 million inhabitants. It offers the experienced and determined U.S. businessperson a potentially rewarding business opportunity. As in any market, results are usually obtained through solid research and hard work. The business opportunity that arrives on a silver platter earned by a stranger should be rigorously evaluated by an objective and disinterested party.

The U.S. Government, through district offices of the Department of Commerce and the Foreign Commercial Service (FCS) at the U.S. Embassy in Lagos, Nigeria, can provide some useful initial information. For example, if you have received a proposal for a business transaction from Nigeria that seems too good to be true, it may be a scam. You can fax FCS a request for verification of the bona fides of your correspondent. Your fax should include copies of any correspondence you have received from your Nigerian counterpart.

Recognizing a Business Scam

Each week, the U.S. Embassy in Lagos, Nigeria, (along with many other embassies) handles several "scam" cases in which businesspeople, many of them experienced in overseas transactions, have lost to confidence operators sums ranging from a few thousand to upwards of one million dollars. Frequently, persons who have come to Nigeria to "finalize" such deals have been threatened or assaulted, in a few cases, scam victims have been killed. Unfortunately, local police and other officials have not provided assistance to those caught up in scams. (Although Nigerian immigration officials recently began warning entry victims upon arrival at Lagos airport, the U.S. Embassy's ability to help those already in the hands of their "business associates" is extremely limited.)

Caution, therefore, should be exercised when

contemplating any business deal in Nigeria. Scams range from attempts to entice American businesspeople in fictitious money transfer schemes to the use of false promises to supply goods to the payment of large sums of money to Nigerian officials. Many scam operators are very sophisticated and may take victims to staged meetings, often held in borrowed offices at Nigerian government ministries. They do their research and can often provide plausible, but non-existent, orders, written on seemingly genuine Ministerial stationery, replete with official stamps and seals.

Simply stated, Nigerian business scams are not always easy to recognize, and any unsolicited business proposal should be carefully scrutinized. There are, nevertheless, some indicators that are warnings of a probable scam. Look out for:

- Any offer of a substantial percentage of a large sum of money to be transferred into your account, in return for your "discretion" or "confidentiality".*
- Any deal that seems too good to be true.*
- Requests for signed and stamped, blank letter head or invoices, or for bank account information.*
- Requests for support air shipment, accompanied by an instrument of payment whose genuineness cannot immediately be established.*
- Solicitation letters claiming the soliciting party has personal ties to high Nigerian officials.*
- Requests for payment in U.S. dollars, in advance, of transfer taxes or incorporation fees.*
- Scamsters that your name was provided to the soliciting party either by someone you do not know or by "a reliable contact."*
- Promises of advance payment for services to be provided to the Nigerian government.*
- Claims that a Nigerian visa is not necessary or that arrival in Nigeria should be overlaid from a neighboring country.*
- Resistance by Nigerian partners to your checking in with the U.S. Embassy.*
- Any offer to supply crude oil; and*
- Any offer of a charitable donation.*

The indicators listed above are some of the most common and reliable hallmarks of Nigerian scam operations. The list is not all-inclusive, and scam operators are constantly weaving new elements into their schemes. The best rule to follow is that any unsolicited business proposal originating from Nigeria

be carefully checked out before any funds are committed, or any goods, or services are provided, or any travel is undertaken.

"How Do the Scams Work?"

Nigerian business scams are confidence schemes, designed to exploit the trust you develop in your Nigerian partner and to bait you of goods, services or money. The scams are flexible, and operators adapt them to take the greatest advantage of the target (you) it is not possible to describe here how each of several hundred different scams works, but here are brief descriptions of the most common schemes.

Money Transfer: The operator claims to have a large sum of money, usually millions of dollars worth of it, and asks you to help him or her to transfer it to a "bank account abroad." The Capital Bank of Nigeria is often, though by no means always, mentioned. You, as the bank account owner, are promised a percentage of the huge sum, just for use of your account. You may be asked to provide blank, signed invoices, letterhead and bank account information, or to send money for transfer taxes. Some businesses have found their accounts booted by the persons to whom they sent account information.

Fraudulent Orders: The operator usually places a signed order for a large quantity of goods, such as a cashier's check drawn on a European bank. The operator then places another, somewhat larger order, again paying with a genuine instrument. Then, you receive an order by DHL. Your Nigerian partner urgently needs a large quantity of your product air-shipped. Confident in your partner, you ship, but, this time, the cashier's check (which looks the same) is fake. Experienced U.S. businesspeople today usually require either full payment in advance of shipment or an irrevocable letter of credit confirmed by a U.S. bank.

Charitable Donation: The operator offers to make a donation to your organization, asking for bank account information (see Money Transfer, above). Then, the operator loses your account or asks for advance payment of a fee to ensure conversion of naira into dollars.

Contract: The operator claims to have a Nigerian government contract and needs your company's expertise to carry out the job. The operator scams you by collecting thousands of dollars in "fees" before you can do business. When fees are legitimate, they are published by Ministries and do not exceed \$215.

Crude Oil: The operator claims to have an allocation

Travel Warning

United States Department of State

Bureau of Consular Affairs

Washington, D.C. 20520

For recorded travel information, call 202-647-5225.

To access the Consular Affairs Bulletin Board, call 202-647-9225.

For information by fax, call 202-647-3000 from your fax machine.



Nigeria

June 5, 1995

Warning: The Department of State warns U.S. citizens of the dangers of travel to Nigeria. Violent crime, practiced by persons in police and military uniforms, as well as by ordinary criminals, is an acute problem. Harassment and shake-downs of foreigners and Nigerians alike by uniformed personnel and others occur frequently throughout the country.

Business, charity and other scams target foreigners worldwide and pose dangers of financial loss and physical harm. Persons contemplating business deals are strongly urged to check with the U.S. Department of State or the U.S. Department of Commerce before providing any information, making any financial commitments or traveling to Nigeria. Under no circumstances should American citizens travel to Nigeria without a valid visa. Invitation to enter Nigeria without a visa is normally indicative of illegal activity.

No. 95-018



U. S. Department of State
Bureau of Consular Affairs
Washington, DC 20520

For recorded travel information, call 202-647-5225

Internet Address: travel.state.gov

For information by fax, call 202-647-3000 from your fax machine



Consular Information Sheet

Nigeria

June 28, 1996

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Country Description: Nigeria, with limited facilities for tourism, poses considerable risks for travelers. Violent crime is acute (see paragraph on Crime and Criminal Violence). Business scams that target foreigners are a pervasive problem, and persons contemplating business deals are strongly urged to check with the U.S. Department of Commerce or the U.S. Embassy in Lagos before traveling to Nigeria or making financial commitments (see paragraph on Commercial Fraud).

Entry Requirements: A visa is required and must be obtained in advance; airport visas are not available. Promises of entry into Nigeria without a visa are credible indicators of a fraudulent commercial scheme in which the perpetrators seek to exploit the foreign traveler's illegal presence in Nigeria with threats of extortion or bodily harm. U.S. citizens cannot legally depart Nigeria unless they can prove, by presenting their entry visas, that they entered Nigeria legally. There is an airport departure tax. Entry information (and information on departure tax) may be obtained at the Embassy of the Republic of Nigeria, 2201 M Street, N.W., in Washington, D.C. 20037, telephone (202) 822-1500, or at the Nigerian Consulate General in New York, telephone (212) 715-7200. Overseas, inquiries may be made at the nearest Nigerian embassy or consulate.

Information on Crime and Criminal Violence: Violent crime affecting foreigners is an extremely serious problem, especially in Lagos and the southern half of the country. Visitors, as well as resident Americans, report widespread armed muggings, assault, burglary, carjackings and extortion, often involving violence. Carjackings, roadblock robberies and armed break-ins occur often, with victims sometimes shot by assailants for no apparent reason. Reports of armed robberies in broad daylight on rural roads in the northern half of the country appear to be increasing. Law enforcement authorities usually respond to crimes slowly, if at all, and provide little or no investigative support to victims. Pickpockets and confidence artists, some posing as local immigration and other government officials, are especially common at Murtala Muhammad Airport.

In addition to harassment and shake-downs of American citizens by officials at airports and throughout Nigeria, there have been isolated but troubling reports of violent attacks by purported government officials on Americans and other foreigners. The Nigerian government has not responded meaningfully to complaints by the American Embassy in Lagos and the U.S. State Department in Washington, D.C. concerning these abuses and attacks, nor is there any indication that the officers involved have been disciplined. Upon arrival in Nigeria, U.S. citizens are urged to register at the U.S. Embassy in Lagos where they may obtain current

information and advice on minimizing risks.

The loss or theft abroad of a U.S. passport should be reported immediately to local police and to the nearest U.S. embassy or consulate. The pamphlets "A Safe Trip Abroad" and "Tips for Travelers to Sub-Saharan Africa" provide useful information on protecting personal security while traveling abroad and on travel in the region in general. Both are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Commercial Fraud: A major and continuing problem is the commercial scam or sting that targets foreigners, including many U.S. citizens. Such scams could involve U.S. citizens in illegal activity, resulting in extortion or bodily harm. The scams generally involve phony offers of either outright money transfers or lucrative sales or contracts with promises of large commissions or up-front payments. Alleged deals frequently invoke the authority of one or more ministries or offices of the Nigerian government and may even cite by name the support of a Nigerian government official. The apparent use in some scams of actual government stationery, seals, and offices is grounds for concern that some individual Nigerian officials may be involved in these activities. The ability of U.S. Embassy officers to extricate Americans from unlawful business deals is extremely limited. Nigerian police do not always inform the U.S. Embassy of an American citizen in distress. The Department of Commerce has issued advisories to the U.S. business community on doing business in Nigeria. Both the Department of Commerce and the U.S. Embassy in Lagos can provide business travelers with further details.

The Department of State has issued a brochure for business travelers to Nigeria; single copies are available at no charge from the Office of American Citizens Services and Crisis Management, Room 4811, Department of State, Washington, D.C. 20520-4818. Please enclose a stamped, self-addressed envelope.

Airport Safety: Due to a lack of effective security measures, the U.S. Secretary of Transportation has ordered that direct air services between the U.S. and the Murtala Muhammad Airport in Lagos be suspended. U.S. travelers may wish to check with their travel agents or the airlines for alternate routing. The U.S. Embassy is concerned by reports that maintenance and operational procedures for Nigerian airlines may not be adequate to ensure passenger safety. Periodic strikes may also affect flight scheduling and raise additional concerns about the reliability and safety of Nigerian aviation. The section "Information on Crime and Criminal Violence" provides information concerning crime at airports.

Areas of Instability: Nigeria has experienced civil unrest, violence and strikes. The causes and locations vary. Locations where outbreaks of violence have occurred include the Lagos area, southwestern Nigeria and parts of Delta, Rivers, Plateau and Kaduna states. There has been an increase in the number of unauthorized automobile checkpoints. These checkpoints are operated by bands of police, soldiers, or bandits posing as or operating with police or soldiers, whose personnel should be considered armed and dangerous. Many incidents, including murder, illustrate the increasing risks of road travel in Nigeria. Reports of threats against firms and foreign workers in the petroleum sector recur from time to time. Chadian troop incursions have reportedly occurred at the border area in the far northeast, near Lake Chad.

Despite labor unrest in various parts of the country and occasional flare-ups in local markets, U.S. citizens have not been specifically targeted in such disturbances. However, they and their vehicles could inadvertently become caught up in a demonstration or riot. Tensions resulting from the delayed process of transition from military rule to an elected government, heightened by widely condemned political executions and the possibility of more, could result in further unrest and disturbances. Early June (prior to and during the week of the June 12 anniversary of the 1993 annulled presidential election) is a time to be especially mindful of security concerns, to exercise particular caution and to avoid public gatherings.

Traffic Safety and Road Conditions: Roads are in poor condition, causing damage to vehicles and contributing to hazardous traffic conditions. Excessive speed, unpredictable driving habits, and the lack of basic maintenance and safety equipment on many vehicles are additional hazards. There are no traffic lights or stop signs. Motorists seldom yield the right-of-way and

give little consideration to pedestrians and cyclists. Gridlock is common in urban areas. The failure to promptly remove obstacles from roadways, insufficient street lighting at night, and flooding during torrential rainstorms compound the hazards noted above.

Medical Facilities: Medical facilities are limited; not all medicines are available. Doctors and hospitals often expect immediate cash payment for health services. The Medicare/Medicaid program does not provide for payment of medical services outside the United States. U.S. medical insurance is not always valid outside the United States. Travelers have found supplemental medical insurance with specific overseas coverage, including provision for medical evacuation, to be useful. Information on health matters can be obtained from the Centers for Disease Control and Prevention's international travelers hotline at (404) 332-4559. Internet: <http://www/cdc.gov/>.

Photography Restrictions: Permission is required to take photographs of government buildings, airports, bridges or official-looking buildings. Permission may be obtained from Nigerian security personnel.

Currency Regulations: Credit cards are rarely accepted in Nigeria. Due to the prevalence of credit card fraud in Nigeria and credit card fraud by Nigerians in the U.S., their use is generally ill-advised. It is often necessary to bring travelers checks or currency in a sufficient amount to cover the period of a planned visit. Interbank transfers are often difficult, if not impossible, to accomplish. For further information, visitors may wish to contact the U.S. Embassy.

Drug Penalties: U.S. citizens are subject to the laws of the country in which they are traveling. Penalties for possession, use or trafficking in illegal drugs are strictly enforced. Those arrested routinely face prolonged detention before trial, and convicted offenders can expect jail sentences and fines.

Registration/Embassy Location: U.S. citizens are encouraged to register at the U.S. Embassy and to obtain updated information on travel and security in Nigeria. The U.S. Embassy is located at 2 Eleke Crescent, Victoria Island in Lagos. The telephone number is (234) (1) 261-0050. The U.S. Embassy office in the new capital city of Abuja is located at 9 Mambilla, Maitama district. The telephone number is (234) (9) 523-0916.

No. 96-127

This replaces the Consular Information Sheet dated June 16, 1995 to update the information on Areas of Instability and Currency Regulations and to add a paragraph on Road Conditions and information on the U.S. Embassy office in Abuja.

ATTENTION: THE PRESIDENT/MANAGING DIRECTOR

FROM: ALHAJI (DR) IBRAHIM CIROMA.

TEL: 234-1-831442

FAX: 234-1-830717

DEAR SIR,

I AM SURE YOU WILL BE SURPRISED TO READ THIS FROM ME HAVING NOT MET ME BEFORE. I MADE UP MY MIND TO CONTACT YOU AFTER CONCLUDING THAT THERE IS NO OTHER WAY TO REACH YOU AS YOUR COMPANY'S NAME WAS INTRODUCED TO ME THROUGH A RELIABLE FRIEND OF MINE AT THE FOREIGN AFFAIRS OFFICE IN LAGOS.

I AM THE DIRECTOR OF CONTRACT APPROVALS AND APPRAISALS. I HAVE BEEN PRIVILEGED TO HEAD THE CONTRACT AWARDING COMMITTEE OF THE NIGERIAN NATIONAL PETROLEUM CORPORATION (NNPC) FOR THE PAST FIFTEEN (15) YEARS NOW. MYSELF AND SOME OTHER COLLEAGUES HAVE CAREFULLY MAPPED OUT THE SUM OF \$28.5M (TWENTY EIGHT POINT FIVE MILLION U.S.DOLLARS ONLY) WHICH WAS RECEIVED FROM CONTRACTS AND COMMISSIONS WE AWARDED TO SOME FOREIGN FIRMS ON SUPPLY OF CRUDE OIL AND NATURAL GAS. WITH OUT POSITION, WE ASKED THE FOREIGN FIRM TO OVER INVOICE THE CONTRACT BY 10% TO ENABLE US GET OUR MONEY ON REQUEST FROM THE CENTRAL BANK OF NIGERIA. THIS IDEA CAME AS A RESULT OF THE FACT THAT AS CIVIL SERVANTS HERE IN NIGERIA, WE ARE NOT ALLOWED TO OPERATE AN OFF-SHORE ACCOUNT. THEREFORE, WE DECIDED TO LOOK FOR A RELIABLE AND TRUSTWORTHY PARTNER WHOM WE CAN REMIT THIS FUNDS INTO HIS COMPANY'S OR PRIVATE ACCOUNT, HENCE MY CONTACTING YOU.

FOR THE NUMEROUS ASSISTANCE YOU ARE GOING TO PROVIDE, YOU ARE ENTITLED TO 35% OF THE TOTAL AMOUNT, 60% WILL BE US WHILE 5% HAS BEEN SET ASIDE FOR EXPENSES THAT WILL BE INCURRED IN THE COURSE OF THIS TRANSACTION.

TO EFFECTIVELY AND OFFICIALLY GET THIS FUNDS TRANSFERRED INTO YOUR COMPANY'S OR PERSONAL ACCOUNT, WE NEED YOUR PRIVATE TELEFAX AND HOME TELEPHONE NUMBERS. TWO (2) COPIES OF YOUR COMPANY'S LETTER HEADED PAPERS AND PROFORMA INVOICE DULY STAMPED AND SIGNED BY YOU. ALSO INCLUDE YOUR FULL BANKING PARTICULARS WHERE THIS MONEY WILL BE WIRED INTO. WITH THESE BLANK DOCUMENTS, WE SHALL TRANSCRIBE ON THEM THE ACTUAL CONTRACT SPECIFICATION AND PUT UP CLAIMS AND DEMAND FOR THE OFFICIAL APPROVALS OF THIS FUNDS UNDER YOUR NAME. THE INVOICE WILL BE USED TO DEMONSTRATE THE CONTRACT AND SUPPLY VALUED AT \$28.5M.

IN ORDER TO AVOID DELAY, PLEASE GET IN TOUCH WITH ME IMMEDIATELY ON MY TELEPHONE AND FAX NUMBERS ABOVE RESPECTIVELY. IN RECEIPT OF YOUR FAX MESSAGE, I WILL FAX TO YOU THE ADDRESS WHERE YOU WILL SEND THE REQUIRED DOCUMENTS THROUGH DHL OR FEDERAL EXPRESS (FEDEX) COURIER SERVICES FOR IMMEDIATE ACTION TO COMMENCE AND HOPEFULLY, WE MUST GET THIS FUNDS INTO YOUR ACCOUNT WITHIN A FEW WORKING DAYS. PLEASE FAX IMMEDIATELY AS WE CANNOT AFFORD TO WASTE MUCH TIME IN THIS STRICTLY RISK FREE TRANSACTION. THIS IS TO COMPLY WITH THE PRESENT RULING GOVERNMENT IN NIGERIA THAT HAS INSTRUCTED AND ASKED US TO PAY IMMEDIATELY ALL DEBTS AND OUTSTANDING PAYMENTS TO ALL FOREIGN FIRMS.

THANKING YOU FOR YOUR CO-OPERATION WHILE AWAITING FOR YOUR REPLY. IN CASE YOU REQUIRE FURTHER DETAILS FROM ME, ALWAYS CALL ON MY TELEPHONE NUMBER BETWEEN 9 A.M. TO 9 P.M. MONDAYS TO FRIDAYS DAILY.

YOURS FAITHFULLY,

Alhaji Ibrahim Ciroma
ALHAJI (DR) IBRAHIM CIROMA.

DR. OYIBO MEZIEM
LAGOS NIGERIA
TEL: 234-1-4974804
FAX: 234-1-4974269

DATE: 5TH FEB., 1996.

DEAR SIR,

STRICTLY CONFIDENTIAL

TRANSFER OF US\$26,000,000.00 INTO A PERSONAL/COMPANY'S
OFF-SHORE ACCOUNT

UPON THE RECOMMENDATION OF YOUR GOODSELF GATHERED FROM THE CORPORATE OFFICE OF OUR TRADE MINISTRY, I NOW COMMENCE ON THIS TRANSACTION WITH YOU ON THE ASSUMPTION THAT YOU WILL NOT DISAPPOINT US. WE HAVE TWENTY-SIX MILLION, U.S DOLLARS (US\$26,000,000.00) WHICH WE MADE UP FROM OVER INFLATED CONTRACTS IN THE NIGERIAN NATIONAL PETROLEUM CORPORATION (NNPC).

WE ARE SEEKING YOUR ASSISTANCE AND PERMISSION TO REMIT THIS AMOUNT INTO YOUR ACCOUNT. YOUR COMMISSION WILL BE 25% OF THE TOTAL SUM, 5% FOR EXPENSES AND THE BALANCE OF 70% IS FOR ME AND MY COLLEAGUES.

COULD YOU PLEASE NOTIFY ME OF YOUR ACCEPTANCE TO CARRY OUT THIS TRANSACTION BY TELEPHONE/FAX ONLY ON THE RECEIPT OF THIS MESSAGE.

I SHALL IN TURN INFORM YOU OF THE MODALITIES FOR A FORMAL APPLICATION TO SECURE THE MONEY.

THANKS FOR YOUR CO-OPERATION.

YOURS FAITHFULLY,


MR. OYIBO MEZIEM.

08-10-96 10:34AM FROM TOM CAMPBELL

TO WASHINGTON OFFICE P004

no/86/1996 12:35 4883389848

SIMPLE PLEASURES

PAGE 82

14, SANYA STREET
OFF OSHODI APAPA EXPRESSWAY
AGUDA SURULERE LAGOS, NIGERIA
TEL: 234-1-837489
FAX: 234-1-5851818

Dear Sir,

Your particular was given to me by a member of the Nigeria Export Promotion Council who was at the Head of the Federal government delegation to your country during a trade exhibition. A further verification at your Embassy's commercial section confirmed the reliability and credibility of your person and company. Confidentiality of the purpose of getting your particulars and verification from the member of the Nigeria Export Promotion Council and your Embassy's commercial section respectively was maintained because of the nature of the transaction I want to introduce to you.

Within the FEDERAL MINISTRY OF TRANSPORT AND AVIATION (FMT&A) where I work as a Director (Materials procurement, Supply and Installation) and with the Co-operation of two other Directors, we have in our Possession an over-due payment Bills Totalling Twenty-Six Million US Dollars only (US\$26,000,000.00) which we want to transfer Abroad with assistance and co-operation of a Foreign Company or (Individual) to receive the said fund on our behalf or a reliable Foreign non-company account to receive such fund.

The amount represent some percentage of the total contract value executed on behalf of my Ministry (FMT&A) by a Foreign Contracting Firm which we the Officials over-invoiced though actual contract cost have been paid to the original contractor leaving the balance in the tune of the said amount which we have in principle gotten approval to remit by telegraphic transfer (T.T).


Since the present Military Government of Nigeria is determined to pay every Foreign Contractors all debts owed so as to maintain good relationship with foreign Government and non-governmental Financial Agencies we have decided to include our bills for approvals with the co-operation of some officials from the Finance Ministry and the Central Bank of Nigeria (CBN) we are seeking your assistance in providing a good company's account or any other off-shore Bank account into which we can remit this money by acting as our partner and trustee or acting as the original contractor. This we can do by swapping of account and changing of beneficiary and other forms of documentation upon application for claim to reflect the payment and approvals to be secured on behalf of your company. This processes being internal arrangements with the departments concerned.

I have authority of all the officials involved to propose that should you be willing to assist us in the transaction, your share of the sum will be 30% of the total fund (\$26M), 80% for the officials concerned, while 10% will be set aside for expenses to be incurred by both sides during the course of this transaction.

Upon indicating your interest, a Format of the CONTRACT TEXT will be sent to you which you will be required to transcribe into your Company's Letter Head Papers and Proforma Invoice to enable us finalize the documentation aspect required in this deal. Ensure these documents are sent to me strictly through DHL Courier Service only and fax me the Airway Bill Number to enable me track it in Lagos - Nigeria.

Please, note that this deal is 100% safe on your provided you treat it with utmost secrecy and confidentiality. Also your area of business specialization is not a hindrance to the successful execution of this transaction. I have reposed my confidence in you and hope that you will not disappoint me. Feel free to reach me on Telephone Number 234-1-837489 and Fax Number 234-1-5851818 for further clarifications. Thanks for your anticipated co-operation.

Yours faithfully


MR. ANTHONY OBASEKI.

8/8/96

R-00X

R-96X

FROM TOM CAMPBELL

4883389848

408 3717925

no-06-06 12:44PM P002 H19

09-10-96 12:50PM P004 H4

DR. ALPHONSUS NGENE,
84 OKOTA ROAD
ISOLO OKOTA
LAGOS - NIGERIA.
TEL: 234-1-4525972
FAX: 234-1-4525346
DATE: 13TH MAY, 1996

DEAR SIR,

URGENT AND EXTREMELY CONFIDENTIAL

With reference to an introduction and recommendation made of your esteemed firm by the Nigerian Chamber of Commerce, Industry and Agriculture, I do hereby wish to commence talk with you on a highly confidential level.

I am an Accountant and member of the "Tender Committee" of my Corporation, the Nigerian National Petroleum Corporation (NNPC). After due consultation with other members of the Committee, I have specifically been mandated to arrange with you for a possible transfer of some funds being an over estimated sum resulting from various contract executed by foreign firms for my corporation.

The contracts in question were for the following:-

1. The construction of OSO Condensate Recovery Plant worth \$1.2 Billion.
2. Construction of several Pipeline networks worth \$1.0 Billion for Crude, Gas and Petroleum products evacuation.
3. Purchase of drilling and production equipment worth \$700 Million.
4. \$80 Million for Turn Around Maintenance (T.A.M).

The original value of these contracts were purposely over inflated by us (Tender Committee) with the sum of \$30.5M (Thirty Million, Five Hundred Thousand U. S. Dollars only). Now that all the firms have received their supposed payment accordingly and the projects Commissioned, we want to transfer this over inflated sum into a Foreigner's Account. We have agreed that if your company can act as the beneficiary, you will retain 30% of the total amount after the transfer.

All modalities have been worked out with top officials of Federal Ministry of Finance and Central Bank of Nigeria (CBN) to facilitate the remittance of this sum into your account within Ten (10) working days of receiving the following informations from you.

- A. Name of the Company, Address, Telephone, Fax and Telex.
- B. Name of the Bank, Account number, Address, Telex and Fax numbers of the Bank.
- C. Name of the beneficiary, your personal Telephone, Telex and Fax numbers.


The informations will be used to draft an application for the claims and the detailed nature and worth of the contract respectively. Same would be forwarded to various ministries concerned for formal approval, after which photocopies of them will be sent to you.

On receipt of these documents, we shall arrange a meeting immediately with the officials involved for a face to face to talk and the final arrangement has been perfected here for a successful and hitch-free transfer of this sum of money into your account. Note that we have put in many years of meticulous services to the Government, therefore we will not want our reputable image dented. Therefore, handle this documents with maturity, topmost secrecy and urgency. Please send the informations through my Fax number.

Serious Note: Fax me with the above fax number of your acceptance or you send the informations immediately. Thank you as we look forward to your immediate reply.

N.B. After a successful transfer, 30% for you, 60% for us, 10% mapped out to settle expenses incurred by both parties in the process of transfer.

Yours faithfully,


DR. ALPHONSUS NGENE.

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